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ISSN 2076-3735



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## Business Tianjin

JANUARY 2015



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### PUBLISHING DATE

January 2015

### Business Tianjin is FREE

For Members ONLY

TEL: +86 22 2576 0956

ISSN 2076-3735

## Dear Readers,

Greetings for the New Year! Cheers to 2014 and Welcome to 2015!

It has been a wonderful past twelve months with a lot of hard work and dedication as Business Tianjin was able to bring you the latest and most up to date information regarding industry, commerce and finance. This year we have more interesting additions to our content, and we intend to bring you a balanced and consistent flow of information regarding business in Tianjin, China and around the world.

To start off the year on a high the magazine exclusively spoke to Boeing Tianjin Composite's high-flying General Manager on their aerospace manufacturing facility and the steps taken to incorporate expertise between the US and China. Our Economy Report and the magazine in general will give you a glimpse of the coming year and a recollection of the previous year in regard to business, and this month's Feature Story looks at China's trade and the commitment required in sustaining its achieved status. A heads up for marketing trends in 2015 and the purpose of the Shanghai-Hong Kong stock connect is also included. Tianjin's real estate market is examined in retrospect to 2014 and an interesting article on protecting product designs in China is discussed in the IPR column. Two new additions featuring China's mega projects and an informative consultation to business leaders are presented in our On the Horizon and Leadership columns.

As the Millennium Development Goals (MDGs) set by the United Nations in the year 2000 come to an end the adoption of the post-2015 development agenda is expected to tackle many issues, including ending poverty and hunger, improving health and education, making cities more sustainable, combating climate change, and protecting oceans and forests. These concerns will redefine the commerce of our generation while China is predicted to become the number one economy. It will be compelling to see how well aligned this rising super power is to undertake the above global concerns.

The editorial team and I would like to wish you all the very best in the coming year and hope you will enjoy reading the magazine in our pursuit in bringing you the best possible coverage. As ever, for more information about our magazine, or to subscribe to our daily e-newsletter service, please visit our website: [www.businesstianjin.com](http://www.businesstianjin.com).

Yours sincerely

Mike Ross

*Mike Ross*

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### ▲ Boeing Tianjin Composite's High-flying GM Talks to Business Tianjin

Boeing Tianjin Composites Co. Ltd has been the city's leading aerospace manufacturing facility for a long time. Not only is the American led firm a major employer and an extraordinary asset to the Tianjin local economy on the whole, it signifies a broader trend of China moving up the global economic value chain. Amongst other accolades, Boeing CEO and Chairman of the Board, Jim McNerney, has awarded the Boeing Tianjin Composites team for their safety record, which is among the best of Boeing facilities around the world. [See P16](#)



### ◀ Central Tianjin Real Estate Market 2014 Review

The commercial real estate market in central Tianjin, which is comprised of Heping, Nankai, Hexi, Hedong, Hebei, and Hongqiao Districts, has grown substantially in the last year in terms of both quality and quantity. While much of the media focus has been on the quantity of new office towers and shopping malls in Tianjin, little attention has been paid to the quality and the need for better commercial real estate in the city. Looking at the myriad of new commercial properties from office towers to shopping malls to hotels, the majority of the new commercial real estate stock is transforming Tianjin into a better place to work and live for all of its residents. [See P29](#)



### ◀ Profitable but Broke: Is it Possible to be Both at the Same Time?

There is a common saying in business, "Cash is King". Cash is paramount for its multiple uses in running a business—from investing in plant and property as the business is kicking off, to paying dividends to investors as they seek a return on their investments. [See P40](#)

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## TIANJIN NEWS

### Crowne Plaza Tianjin Meijiangan Captures Awards

Crowne Plaza Tianjin Meijiangan, a recently opened five-star hotel here in Tianjin, received two prestigious awards: the "2014 Best Expectation Hotel" at the Fun & Fan Magazine Award Ceremony and the "2014 Best Conference & Exhibition Services Hotel". Hotel General Manager, Mr. Uwe Lukas, attended the ceremonies and received the awards on behalf of the hotel. Mr. Lukas said "It is our great honor to receive these awards. It is due to our great team members and the support from all of our customers and partners. As a well-known international brand, we are proud to be of service and we have been focusing very much on our guests. We will continue to strive in providing them with the best possible service and making them feel at home when they stay with us."



### St. Regis Tianjin Wins Three Awards

At the 2014 China Travel Awards event the St. Regis Tianjin picked up three awards: "Top Stylish Hotel Award", "China's Top 100 Hotels" and "Best Outdoor Bar". In receiving the awards General Manager, Mr. Martin L. Leclerc said, "It is rewarding to be recognized for our efforts in creating a visually enticing, luxurious hotel where guests from near and far will savor unparalleled signature St. Regis Butler Service, deluxe amenities, and unique dining experiences at the best address in Tianjin."



### Hu Bing visits The Astor Hotel Tianjin

Mr. Hu Bing, well-known movie star, model & singer in mainland China, visited The Astor Hotel, Tianjin for a cover story photo shoot with a Shanghai magazine. As a 150-year-old landmark in central Tianjin and a central feature of the regeneration of Tianjin's historic centre, the hotel evokes the romance of a bygone era with all the contemporary luxuries of a world-class hotel. Mr. Hu Bing is also a platinum card membership holder and is quite familiar with the Luxury Collection brand. There have been numerous movies and television shows filmed at The Astor, and Mr. Hu Bing is looking forward to cooperating with the hotel moving forward.



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**Airbus Celebrates 200th Aircraft Assembled in Tianjin**



The Airbus assembly site in Tianjin handed over its 200th aircraft-A319, a member of the A320 Family aircraft, to China Eastern Airlines at a ceremony held at the Tianjin Airport Economic Area on 3 December. "The 200th Airbus A320 Family aircraft assembled in Tianjin marks an important milestone of the Airbus partnership with China," said Eric Chen, president and CEO of Airbus China. The A319 aircraft, delivered to China Eastern Airlines, is designed with 122 passenger seats and powered by International Aero V2500 engines. "The delivery is a very good example of the relationship between China and Europe for promoting economic growth and technical development," said Carmen Cano de Lasala, Deputy Head of Delegation of the European Union.

**First Optical Fibre Preform Program in North China Launches in Tianjin**

Supported by the Futong Group, a top 500 Chinese private company and Sumitomo Electric, a Global 500 company from Japan, Tianjin has recently launched an optical fibre preform program. It is the first optical fibre preform program in North China. As a major industrial program of Tianjin, the optical fibre preform program is located in the Tianjin Binhai New Area and was established in 2013. After establishment and installation for more than a year, the program was put into use this August.

**CPI of Tianjin Increased 1.2 percent in November**

According to statistics from the National Bureau of Statistics Tianjin Branch, the Consumer Price Index (CPI) of Tianjin residents increased 1.2 percent year on year and 0.1 percent quarter to quarter in November. Compared to the previous month, the number has gone up by 0.5 points. The CPI of Tianjin residents from January to November increased 1.9 percent year on year. Food prices have increased 0.8 percent quarter on quarter, which is close to the average growth rate of food prices in the past five years (1.0 percent). The price of aquatic products, oils, and meat and poultry has decreased 2.0 percent, 1.1 percent, and 0.3 percent respectively.

**New Tianjin No.2 Children's Hospital to Open Next Spring**



The main construction of the Tianjin No.2 Children's Hospital in Beichen District has recently been completed. The installation and adjustment of medical devices is on-going, and the Children's Hospital located in downtown Tianjin will be moved to this area next spring. Containing a total of 1,200 beds, the Tianjin No.2 Children's Hospital can offer medical services to 7,000 patients per day, which is twice as many as the amount in the current Children's Hospital.

**FINANCE**

**Shares Fall from Four-Year High**



Chinese shares fell from a four-year high amid volatile trading on 9 December, with the benchmark Shanghai Composite Index swinging the most since 2010. The Shanghai Index ended a five-day rally and slumped 5.43 percent or 163.99 points to 2,856.27, while the Shenzhen Component Index eclipsed 4.15 percent or 438.08 points to 10,116.49. The overall turnover reached a record high exceeding 1.22 trillion CNY as volatility increased. The Shanghai Index swung nearly 9 percent and edged down the most since August 2009. Shares that led previous gains slid the most on 9 December, as 130 Chinese stocks, including Aerospace Electronics, China Life, China Pacific Insurance and Sino Data, plummeted.

**China Regulator Approves Operation of Private Webank**

The China Banking Regulatory Commission (CBRC), the country's top industry watchdog, has given its green light to the actual operation of a private bank, Webank, a major step in deepening financial reform. Webank has a registered capital of 3 billion CNY (490 million USD) and its business scope includes personal banking, corporate banking and international banking, said the CBRC. In the third quarter of this year, the CBRC gave the go-ahead on the establishment of five private banks including Shenzhen-based Webank and Hangzhou-based MYbank in a bid to better support the country's small and micro-businesses. Webank, partly funded by Chinese Internet giant Tencent, is the first among them to open its doors to clients.

**HK Exchange to Start Gold Trading in Shanghai**

Members of the century-old Chinese Gold & Silver Exchange Society in Hong Kong should be able to start trading the yellow metal in Shanghai from March next year, allowing them to tap into mounting demand on the Chinese mainland, the world's leading gold consumer. Physical gold traded on the Shanghai Exchange and delivered into the mainland market is subject to a full rebate of a 17 percent value-added tax, cutting the cost of imports.

**Stocks Back up after Falling to Five-Year Low**



Chinese shares rallied on 16 December, halting the benchmark index's biggest plunge in five years, as the country's slowing inflation raises probability for more monetary easing. 18 securities stocks soared by the daily limit and the benchmark Shanghai Composite Index edged over 3,000. The Shanghai index closed at 3021.52, up 2.31 percent of 68.1 points, while the Shenzhen Component Index jumped 1.56 percent to 10668.62.

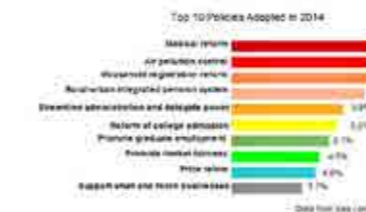
**Deposit Insurance to Improve Competition**



China will introduce a deposit insurance system to protect depositors and promote fair competition among large and small banks, said the Central Bank. The Central Bank will cap insurance coverage at 500,000 CNY (81,000 USD) for each client's deposits at each bank. Such coverage will give full protection to 99.6 percent of the depositors in China. Deposits exceeding 500,000 CNY will be protected under a fund to help well-managed banks acquire other banks that have serious problems, thus protecting clients by having their deposits transferred to well-managed banks. The deposit insurance system will strengthen the protection of depositors, effectively stabilize their market expectations and increase public confidence in the banking system.

**LAW & POLICY**

**Chinese Netizens vote for Top 10 Policies in 2014**



In the Chinese government's latest effort to seek advice from the people, the State Council invited netizens to vote for the "Top 10 Policies Adopted in 2014", in cooperation with web portals sina.com and qq.com. The poll on sina.com saw "medical reform" (7.7 percent of the votes), "pollution control" (7.7 percent), "household registration reform" (7.2 percent), "rural-urban integrated pension system" (6.9 percent), and "streamline administration and delegate power" (5.8 percent) in the top five spots. Since former Premier Wen Jiabao broadcasted an online talk in 2009, which was hailed as a milestone in the Chinese governments' efforts to seek opinions from netizens, governments at all levels have paid increasing attention to voices from the Internet.

**TELECOM**

**Motorola Set to Resume China Smartphone Sales**

Motorola Mobility LLC will resume selling smartphones in China next year, the most significant new initiative that the company has announced since being acquired by Beijing-based electronics giant Lenovo Group Ltd earlier this year. The former Google Inc subsidiary also plans a major offensive in other emerging mobile markets, the company said on 15 December. Rick Osterloh, President and Chief Operating Officer of Motorola Mobility, said Lenovo's channel and supply chain resources will help it grow market share in China. "China is the most important smartphone market in the world, so there is no way for Motorola to bypass it," Osterloh said. The company did not give a timetable for the relaunch.

**Samsung's Smartphone Shares Drop on Rising Chinese Rivals**



Global smartphone market share of Samsung Electronics dropped in the third quarter in response to the rise of Chinese rivals, including Huawei, Xiaomi and Lenovo, industry data shows. Samsung's global smartphone sales were 73.21 million in the third quarter, making up 24.4 percent of the total, according to market tracker Gartner. The South Korean company maintained the No. 1 position, but its market share was down 7.7 percentage points from a year earlier. The decline in Samsung's market share came as Chinese manufacturers increased their shares. Huawei, Xiaomi and Lenovo posted a global market share of 5.3 percent, 5.2 percent and 5 percent each, ranking third to fifth in the global smartphone market.

**Xiaomi not as 'Healthy' as Expected**



Smartphone maker Xiaomi Corp does not appear to be as profitable as expected, a regulatory filing said on 15 December. The Beijing-based, currently private firm posted a net profit of just 347.48 million CNY, 10 percent of what the media had earlier reported. It was the first time that Xiaomi's financial status was available in the public domain and comes just as the 4-year-old company gets ready to be the biggest smartphone vendor in China. The result was not even close to the staggering 3.46 billion CNY profits that the Wall Street Journal reported in November. The newspaper attributed the result to a confidential bank document. Analysts believe the Wall Street Journal may have backfired in its report by mistakenly enlarging the figure by 10 times.

**Baidu Expected to take Stake in Uber**



Baidu Inc, the owner of China's biggest Internet search engine, is buying a minority stake in Uber Technologies Inc., the taxi-booking company which is expanding into China. Uber will receive cash and non-cash assets, including access to Baidu's online resources, the source said, for an investment likely to be worth as much as 600 million USD. The investment will give the search giant a slice of the market in China that has been dominated by start-ups backed by Alibaba Group Holding Ltd and Tencent Holdings Ltd, the nation's biggest Internet companies.

**Huawei Opens Flagship Shop in Cameroon's Capital**



Huawei Technologies Company, Cameroon Limited opened a flagship mobile phone shop in Cameroon's capital Yaounde on 10 December to promote mobile phone sales in the central African country. The shop is the second in Cameroon after one shop opened in Duala, the economic centre of Cameroon. Huawei told media the goals of the flagship shop are to make more residents of Cameroon know and buy Huawei mobile phones, and also to provide satisfactory after sale service to customers. Huawei set up in Cameroon in 2005, and in addition to expanding its business in the country, it also actively performs Corporate Social Responsibility, such as building a primary school in the west of Cameroon and donating table tennis equipment to the Cameroon Table Tennis Federation.

**Alipay Releases Ten-Year Bill**



8 December 2014 was the tenth birthday of Alipay (the online payment platform developed by Alibaba). In the past ten years, more than 300 million Alipay real name users have made 42.3 billion payments, which also reflect changes in Chinese spending habits and lifestyle. According to Alipay data, from 2004 to 2014, a total of 6 billion transactions involved paying for public services and utilities, credit card bills and account transfers, and other convenient payments.

**GENERAL**

**China Remembers Nanjing Massacre**



A state memorial ceremony for the Nanjing Massacre was held in Nanjing, Jiangsu Province. The country grieves over the brutal tragedy that saw Japanese invaders take more than 300,000 Chinese lives in six weeks after they occupied Nanjing on 13 December 1937. During the 40-minute memorial ritual, the audience sang the national anthem, soldiers laid wreaths, and an 85-year-old representative of the massacre's survivors stepped on stage with President Xi Jinping to pay tribute to the victims. Xi said that the Chinese people will remember history while cherishing peace and creating a better future.

**PlayStation set to Debut in China**



Japanese electronics giant Sony Corp said that it would launch its popular PlayStation gaming consoles in China in January. Sony Computer Entertainment Shanghai and its domestic partner Shanghai Oriental Pearl Group said in a joint statement that the PlayStation 4 console and PlayStation Vita hand-helds would hit the market on 11 January 2015. The PlayStation 4 will be priced at 2,899 CNY (468 USD) for the base package and 3,299 CNY for consoles that come with the PlayStation eye camera. The consoles will carry a two-year warranty and include two games, Knack and King of Wushu. The PlayStation Vita will retail for 1,299 CNY and come with the One Tap Hero game.

**Guangzhou Tops Best Mainland Commercial Cities Rankings**



Forbes has ranked Guangzhou first among the top 10 best commercial cities on the Chinese mainland followed by Shenzhen and Shanghai in second and third places, while Beijing was ranked only seventh, the Beijing News reported. The list ranks Guangzhou first in indices for passenger traffic and freight transport, and in the top ten for human resources, consumption ability and innovation. Its operating costs are among the lowest at 19th, lower than first-tier cities such as Beijing, Shanghai and Shenzhen, and even lower than east China's provincial cities of Hangzhou, Nanjing and Wuhan.

**Declining Birth-rate a Cause for Concern**



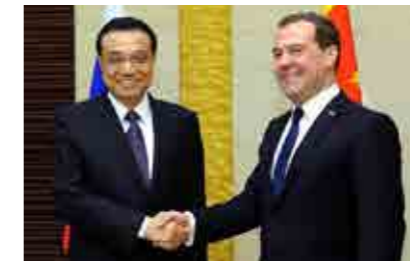
Experts are calling for an accelerated scrapping of the one-child policy as the nation's birth-rate moves toward a dangerously low level. The fertility rate in China is now 1.4 children per woman, almost touching the warning line of 1.3 that is recognised globally as the "low fertility trap". "The low fertility rate will result in problems such as a shortage in the labour force and an economic burden from an aging society," said Lu Yang, an associate researcher from the Institute of Population and Labour Economics at the Chinese Academy of Social Sciences.

**CHINA IN THE WORLD**

**SCO urged to Cut Trade Barriers**

China proposed to help Shanghai Cooperation Organisation countries upgrade their resource-based economies with advanced industrial equipment and financial support to hedge against the impact of plunging oil prices and geopolitical uncertainties. The organisation's six members - China, Russia and four Central Asian countries - signed deals to deepen cooperation in customs, law enforcement and a multilateral economic and trade outline on 15 December, following the 13th Prime Ministers' meeting of the bloc in Astana, Kazakhstan. Premier Li Keqiang called upon the organisation to cut trade barriers, improve the efficiency of customs and open market access among the organisation's members. He also announced the start of the selection of projects for the \$5 billion China-Eurasia cooperation fund.

**China's Co-Op Initiatives Underway with Premier's Visit**



Using the "Belt and Road Initiatives," China is looking for practical cooperation with its Asian neighbours and other countries in the world. The on-going overseas tours by Premier Li Keqiang mark another concrete step to put such initiatives into practice. In a joint communiqué issued during Li's official visit to Kazakhstan, the two countries pledged to further collaborate on confidence-building measures to tap into the potential of hi-tech cooperation and further advance bilateral aerospace cooperation. As a signal the two countries are on the same page, they signed a series of cooperative deals worth about 14 billion USD. Li said China is willing to tap complementary economic advantages and expand cooperation in energy and non-energy fields with Kazakhstan.

**Li Arrives in Serbia for China-CEE Summit, Official Visit**

Chinese Premier Li Keqiang arrived in Belgrade on 15 December for a leaders' meeting of China and Central and Eastern European (CEE) countries, and an official visit to Serbia. Li, who was greeted by the Serbian Prime Minister Aleksandar Vucic at the airport, said upon his arrival that the lasting friendship between China and Serbia originated from their consistent mutual support for each other on issues of core interests and vital concern, ever expanding cooperation of mutual benefits and deepening exchanges and mutual learning. Li voiced the belief that his visit to Serbia will help fortify bilateral ties, enhance cooperation between China and CEE countries, and enrich the connotation of China-Europe relations.

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# Numbers

## 1,000

Authorities in China have demoted about 1,000 government officials with relatives abroad who refused to return home in the latest clamp down in a sweeping anti-corruption campaign. Authorities had identified more than 3,200 officials at county-level or above, with children or spouses who have emigrated abroad. Known as "naked" officials in China, they use their families as a conduit to transfer their ill-gotten assets abroad, and in preparation for their own flight. Those who refused have been disciplined and personnel departments will monitor 'naked officials' on a regular basis in the future.



## 95.6%

China had 7.85 million small and micro-sized enterprises as of the end of 2013 in the industrial and tertiary sectors, accounting for 95.6 percent of the total, official data showed on 16 December. Employees at small businesses took up 50.4 percent of the total. Such firms owned 29.6 percent of Chinese companies' total assets.

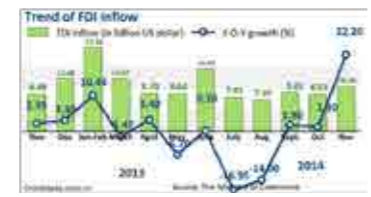


## 70.51 Million

Chinese e-commerce firms in recent years have promoted 12 December or "double 12," as an online shopping event. Branches of China Post and various express parcel firms in China have processed a combined 70.51 million express packages, an increase of more than 40 percent from the same day the previous year. The figure is also more than twice the daily average of 33.09 million registered so far this year.

## 22.2%

Foreign direct investment (FDI) into the Chinese mainland jumped 22.2 percent in November from a year earlier, settling at 10.36 billion CNY. Growth quickened from a 1.3 percent rise in October and 1.9 percent in September, as investments into the country's service industry continue rising steadily.



## 7.1%

China's real GDP growth will likely slow down from 7.4 percent this year to 7.1 percent in 2015. Export growth will be offset by the slack in real estate investment in 2015, with the employment rate remaining stable. The Consumer Price Index, the main gauge of inflation, is expected to remain at the same level this year and stay at 2.2 percent.

## 3rd

Los Angeles Lakers star Kobe Bryant passed Michael Jordan for third on the NBA's career scoring list in a 100-94 victory over the Minnesota Timberwolves. Bryant entered the game needing nine points to pass the icon with whom he is often compared. He got the mark with two free throws with 5:24 to play in the second quarter.



## 28.6 Billion

Jack Ma, founder and executive chairman of China's Alibaba Group, has become the richest person in Asia (28.6 billion USD). The 50-year-old founder of China's biggest e-commerce company surpassed Li Ka-shing, the Hong Kong property tycoon who has held the top spot in Asia since 5 April 2012. According to the Bloomberg Billionaires Index, Li has a net worth of 28.3 billion USD.



# 2014 BEST OF TIANJIN AWARDS

Celebrating the Best of Tianjin  
星光耀津·颁奖晚会

# Economy Report

By Tracy Hall



2014 has finally come to a close but the outlook for the Chinese economy over the upcoming 12 months doesn't look much better. All in all it was a turbulent year that the planners and policymakers might wish to forget. There were signs that things were picking up earlier in the year amid much welcomed stabilising of asset prices. In particular, the growth rate of real estate investment slowed down substantially to around 11% between January and November. This should be taken as a positive sign that the authorities' mission to slow down speculator activity has started to take effect. We also saw a wave of financial reforms – such as the Shanghai-Hong Kong Stock Connect – and a wave of other measures that are aimed towards liberalising the

financial sector and encouraging new growth.

However, things started to go somewhat downhill in the latter part as the dire debt situation became increasingly apparent. Figures from the National Bureau of Statistics showed that the last couple of months were quite a rocky period for output. In November, factory output apparently rose by 7.2% from the previous year, down from the 7.7% increase seen in October. Depending on which way one looks at monetary phenomena, the inflationary situation that prevailed towards the end of 2015 could also be a worrying sign. The Consumer Price Index (CPI) at the end of last year indicated a staggeringly low price growth rate of just 1.4%. This seems like a fairly disconcerting issue for

a country that has battled with high levels of inflation several times over the last decade. Then again it isn't a bad thing for consumers and it is at least in part a result of a broad global decline in commodity prices – especially crude oil. As the BBC's Chief Business Correspondent Linda Yeuh has pointed out, "As one of the biggest energy importers in the world, China's prices are affected by oil, gas and of course hard commodities like iron ore. So, taken together, it looks like the downward pressure on prices in China isn't another cyclical blip similar to when China experienced a couple of years of outright deflation after the Asian financial crisis". Nevertheless, low inflation generally indicates sluggishness in the economy and it tends to increase the chances of

active monetary policy stances being taken by central banks. Therefore it is an important indicator that is well worth keeping an eye on in the coming months.

Although we will have to wait a while longer before the government announces its targets and objectives for 2015, the consensus view amongst analysts seems to be that they will play it safe and not do anything too dramatic or ambitious in the coming year. According to a report by Xinhua, the government's key phrase for right now is 'the new normal', which is "characterized by a shift from high speed growth to medium-to-high speed growth; a shift from focusing on quantity and speed to quality and efficiency in growth models; a shift from stressing production expansion to improving current production; and a shift from growth being driven by conventional engines to increasingly driven by new ones". There are rumours floating around in the media sphere that certain economists working for the Chinese government and the People's Bank of China are advising a 2015 GDP growth target of 7%. While some people may be disappointed with slower GDP growth and a move away from the traditional model, it should have a profoundly positive effect on society as a whole because it means more sustainability, more stability and, potentially, cleaner cities.

In terms of the central bank's policy outlook, analysts are broadly expecting to see some stimulus-orientated monetary moves. "We're ready for an RRR (Reserve Requirement Ratio) cut at any point. We think there will be 100 basis points of cuts over the next couple of

**Depending on which way one looks at monetary phenomena, the inflationary situation that prevailed towards the end of 2015 could also be a worrying sign.**

quarters," said Tim Condon, head of research Asia at ING in Singapore, though he isn't predicting any more interest rate cuts in the near future. The prospect of a more direct fiscal stimulus being enacted in order to offset a broad slowdown of the economy is also still being talked about. Although it is hard to see policymakers being able to justify such a move right now given the credit bubbles that were inflated by the colossal post 2008 stimulus, that doesn't mean there won't be a sudden change of heart any time soon.



Obviously it would remain a strong possibility in the event of a further deterioration of external demand – perhaps from the troubled Eurozone – which would in turn lead to lower GDP numbers for China.

Another one of the key themes going forward will be how the changing growth and regulatory situations affect foreign businesses. In recent months the Chinese authorities appear to have been on an aggressive campaign to unlock new investment avenues from both domestic and foreign parties. The Shanghai-Hong Kong Stock Connect, which came into effect in November, was a ground-breaking move in this respect as it was a major step towards the liberalisation of the Chinese economy and the internationalisation of the yuan. During the Centre Economic Work Conference, which took place between 10-12 December, the country's leaders indicated that further reforms are in the pipeline. Later this year we are likely to see more opportunities for foreign enterprises to access the Chinese service sector and the announcement of more free trade zones.

And of course, another key area in need of reform is the mammoth state-owned sector. Shannon Tiezi of *The Diplomat* pointed out that "Potential reforms include encouraging more private investment into SOE-dominated sectors (such as telecommunications, energy, and infrastructure) as well as reforming SOE leadership structure to more closely resemble a professional management model. The goal is both to help "marketise" the Chinese economy and make SOEs more competitive as they branch out to global markets". Some analysts suggest that the Xi administration is the best placed leadership China has had to enact big changes in this area. Just how far they are willing to go however remains to be seen. **E**

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# Boeing Tianjin Composite's High-flying GM Talks to Business Tianjin

By Tracy Hall

Boeing Tianjin Composites Co. Ltd has been the city's leading aerospace manufacturing facility for a long time. Not only is the American led firm a major employer and an extraordinary asset to the Tianjin local economy on the whole, it signifies a broader trend of China moving up the global economic value chain. Amongst other accolades, Boeing CEO and Chairman of the Board, Jim McNeerney, has awarded the Boeing Tianjin Composites team for their safety record, which is among the best of Boeing facilities around the world.

We recently spoke to the site's General Manager, Mr. Justin Franke, to find out more about what is happening at this world class production facility.

## Tell us a bit about your life before you came to Tianjin.

I am from Seattle, Washington, a great city that is home to many world class companies – including this one of course. I've been with Boeing for about 18 years now. During this time I have had various roles within the financial and supply chain management aspects of the company. I have to say that I am very thankful for the educational and work experience opportunities that I have experienced throughout my time with Boeing.

Before I came to Tianjin in April 2014 I was leading a programme called "Partnering for Success". My mission was to coordinate the joint efforts of Boeing and our global suppliers to reduce costs and thus make the company more competitive. I have always had a passion for international business, building teams and getting people to focus on a common goal. I am very honoured to be working at BTC here in Tianjin, the most accomplished aerospace production facility in the whole of China. I hope to become more involved in the Tianjin community going forward.



## Your role must be very challenging. What are some of the key aspects of your job and how do you deal with the challenges of managing such an important centre of aviation manufacturing?

It is by nature a challenging assignment, especially working here as an expatriate. Most days are very

exciting, especially when you're working alongside such a great team of people and in an environment that is changing so dramatically. China is of course the fastest growing market for the aerospace industry in the world. My key roles include making sure that all of our employees are safe, ensuring that all of our stakeholders are satisfied (employees, suppliers,





customers, and so on), and I am responsible for ensuring that all of our tools, processes and training are of the very highest quality so that we can continue to lead the aerospace industry.

**Why did the company originally choose to base some of its manufacturing facilities here, as opposed to elsewhere in China or the Far East?**

Boeing recognised a long time ago that there was an enormous amount of opportunity in China and we have developed a very close relationship with the central government, which gives a great deal of support to the aerospace manufacturing sector. Tianjin is a fantastic site for a

manufacturing facility of this kind. It is an aerospace hub in China, has a relatively skilled workforce, a good regulatory and tax environment, as well as being a great sea port. Over time our operations here in Tianjin have become more complex, which reflects the fact that China's manufacturing sector more broadly is moving up the global value chain.

**How many people do you employ in the area and in what ways do your firm's operations impact the local economy?**

BTC is the largest aerospace employer in the city. We currently have over a thousand employees and more than a hundred contractors that are involved in our operations here. So

we are creating a lot of very good jobs, with excellent compensation packages and a brilliant working environment. This obviously has a significant multiplier effect on the broader Tianjin economy. Right now we only employ five expatriates at this site, so our workforce is almost exclusively comprised of local people. At the moment we are also looking to shift some of our product sourcing away from North America over here to China. This makes us more cost effective but it also helps us to build good relationships and centralise all aspects of our business here in China.

**Specifically, which parts of the aircraft manufacturing process do you and your colleagues deal with?**

At this site we are currently manufacturing and delivering over 14,000 parts per month. It is a very busy place indeed. The vast majority of our programmes have been increasing significantly over the last few years. The main process that takes place here is hand lay up of carbon fibre and fibre glass composite parts. We fabricate primary, secondary and structural parts for aircraft, as well as things like interior panels for the flight decks. The parts we produce go to all Boeing aircraft in production today: the 737, 747, 767, 777 and 787. Many of these parts have added hardware assembly, which is something we are increasingly doing as we continue to become a more high level assembly facility.

We work with our owner companies to provide training opportunities that develop greater aerospace composite expertise here in China. AVIC (Aviation Industry Corporation of China) is one of our owner companies so we work very closely with them. This includes providing technical assistance and specialist knowledge on a regular basis. We also share our expertise with other Boeing suppliers in this country.

**In what is perhaps the tightest quality control environment in the world, how do you assure that the highest standards are consistently maintained during the assembly process?**

It goes without saying that there is absolutely no compromise when it comes to the quality of our products. Like any company we have to be cost efficient but there is certainly no trade-off between costs and quality at Boeing. We have built our outstanding reputation in part by having a zero tolerance stance on quality issues and the industry has extremely high expectations of us. That is why, for instance, we have machines and inspection methods in place here that would allow us to find a single hair if it was nestled within one of our composite pieces. As a leader it is also on me to make sure that our employees feel comfortable enough to raise their hand when they have made a mistake so that we do not let any defects slip through the net.

BTC has certified its production system to meet all global quality requirements and we are required to meet, or indeed surpass the standards of our Boeing facilities around the world. We do this by seeking approval from within our company, the regulatory bodies and third party auditors. It is about constantly striving for excellence in all of our procedures, resources, training, and the discipline with which we approach the job.

**Give us an insight into how the demand for your aircraft has developed in this region over the**

**last few years and where you see most of the demand coming from going forward.**

Boeing recently estimated that there will be demand in this country for over 6,000 new commercial planes over the next twenty years. That represents a price value of around 870 billion USD. We also expect the Chinese carriers to take around 45% of the total demand in the Asia Pacific region during this period.

China's aerospace market is going through dynamic changes right now as the middle class continues to grow in size. The demand for both domestic and international air travel is increasing considerably every year. Boeing planes, such as the 737 MAX, the 777X and the 787 Dreamliner, are well positioned to take passengers directly to their destinations and help airlines generate more revenue. More low cost carriers and a new generation of more fuel-efficient aircraft are coming in to the market and amongst these companies there is a lot of demand for single-aisle planes at the moment. Our models offer them the best value for money in this segment.

**What are your thoughts on the competition in this sector going forward?**

Given the ambition of the Chinese, Japanese, Brazilians, Russians and

many others around the world to develop their own domestically produced alternatives, there is always going to be plenty of competition. This is good for the industry as a whole because it forces companies to improve their services and invest in better technology. As always, our job is to find the best way to meet the customers' need. We will have to keep doing this if we want to survive.

It is common knowledge that while we are not always the cheapest player in this market, we are unmatched when it comes to value. Boeing is very confident that our focus on giving the customers exactly what they want and the quality of our future products will allow us to compete very aggressively for all of the new business going forward. It is worth pointing out though that this is a highly collaborative industry and Boeing works very closely with other firms on the issues that we all have a vested interest in – which above all else is the safety of the flying public.

**Tell us about some of the impressive new models that Boeing will be putting onto the market in the coming years.**

Right now we have several models that are going to take the Boeing range to a whole new level. The 737MAX, for example, has already accumulated 2,453 orders to date, from 52 customers around the world. It is the fastest selling airplane that Boeing has ever produced. In its category this model is by far the best plane on the market as it allows airlines to carry more passengers at no additional cost. Boeing recently announced that they will produce a 200 seat version of the plane at the Farnborough Air Show. This gives airlines an extra 11 seats worth of revenue. So at the moment we are striving to make our already leading product even better. **E**



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# Sustainability of China's Trade-led Growth

By Mike Ross



The speed of China's rise to trading superpower status has been nothing short of phenomenal. Foreign trade has become China's main engine of economic growth, contributing to over 50 percent of China's GDP since 2002. In spite of these remarkable achievements, there remain a number of important social and economic challenges, including various economic imbalances that stem from the rapid trade-led growth, which could jeopardise the stability of the economy.

In 2013, according to the World Trade Organization, China's merchandise

trade volume exceeded 4 trillion USD for the first time and replaced the US as the biggest country of merchandise trade. Since then it has been on a modest growth trend, and the country's exports and imports are voluminous partly because its economy is huge. Relative to the size of its GDP, China's trade is below the world average. Exports and imports were equivalent to almost 52 percent of GDP in 2013, whereas the ratio of global trade to world GDP was over 63 percent. But goods are not the only commodities that countries trade. If trade in services is added to trade in physical (merchandise) goods, China

remains number two. However, compared with the country's huge surplus in merchandise trade, China's trade in services presents a continuing and huge deficit in comparison. This is an area that Chinese officials seek to develop vigorously in the coming years, and in order to remain a trading super power, rigorous restructuring of the economy is required based on innovation led by research and development.

As China nears the end of its catch-up phase of growth and if China's economy was a product, it seems that this product would most likely be in its early maturity stage in the product

life cycle. The phenomenal growth had made it seem as if it is still in the growth phase but since the recent halt and slump in the economy, it has progressed to the maturity stage. As with any product, with time it will reach the decline stage. In the field of strategic management, according to the "Ansoff Matrix", strategic direction in the means of product development, market development or diversification could be used to extend the time gap or extend production. This requires fundamental rethinking and radical redesign which is called BPR (Business Process Re-engineering) in operations management. Therefore it is evident that the Chinese government is executing its future economic policy with research and innovation at its forefront.

While developed economies saturated, leading to an economic meltdown during the last decade, the Chinese economy took advantage of this window of opportunity and boosted its production and involvement in global trade. Between 2001 and 2008 China's trade grew exponentially with imports and exports both crossing the 1 trillion USD mark and it quadrupled within less than half a decade in 2013. According to the latest statistics by the government, in the first three

quarters of 2014 China's GDP growth rate reached 7.4 percent but is predicted to be around 7 percent in 2015. As the West gains momentum in rejuvenating their economies, the economic environment is far more different from when China witnessed its fast growth during the period from 2002-2008. The spotlight is now on the Middle Kingdom and it is under the microscope. So it is clear that strategists are aiming to redefine their 'Blueprint less' economy through an array of concepts and policies while at the same time being pragmatic and experimental. The recently concluded "Annual Central Economic Work Conference" focused its agenda on GDP growth, monetary policy, banking reform, and reform of SOE's whilst the state council announced a plan to set up three new pilot free-trade zones in the country. These measures are very much essential for the growth of the micro economy and its connection to the world, and it is also important to create a sound environment to facilitate mass production domestically.

The country's keenness to agree upon Free Trade Agreements (it has the highest number of substantial FTAs agreed upon by one country in the recent past), seeking to expand cooperation with Central and



Eastern European (CEE) countries, promoting trade ties with countries along the Silk Road amongst many others are a means of expanding the market for Chinese exports. But as mentioned earlier, the economic environment has transformed rapidly and it is no longer a pre-millennia scenario for the country. Although having substantial inbound FDI, more Chinese companies are expanding abroad. China's outbound direct investment by non-financial firms jumped 16.8 percent to 90.2 billion USD in the year 2013 from 2012. 90 percent of the total outbound investment went into six industries: commercial services, mining, wholesale and retail, manufacturing, construction and transportation. While heavy dependence on manufactured exports has left China vulnerable to import restrictive measures from its trading partners, this latest trend of outbound investment which would surpass inbound investment into China in 2015 will pose a threat to domestic production which has had an export-led growth for almost twenty-five years.

China faces double-digit wage increases and rising costs across the board that are making the country less and less attractive as the world's workshop. China's trade has long been structurally imbalanced, with overreliance on exports from traditionally low skilled, low technology, and resource and labour-intensive industries. These industries are beginning to lose their external competitiveness as labour costs rise and labour force growth slows, and because of bottlenecks in land, water, and energy resources exacerbated by over-extraction and duplicate investments. In addition, until 2008 the majority of China's exports were from trade processing industries with low value added. For instance, China earns only two percent of the total value for each iPad it assembles and exports to the rest of the world. Such structural imbalances cast doubt on the long-term sustainability of growth in trade and the economy.



Diversification of the economy for China is possible in two ways: to reinvent the trade in services to boost the sector and encourage industrial innovation. Services trade is an important part of foreign trade by and large. Structurally China's exports of services still mainly focus on travel (tourism), transportation and other traditional services, and the emerging services industries, such as communication services, insurance services, financial services, royalties & license fees, film & audio-visual, have a smaller proportion in China's exports of services. The competitive advantage of the country's services trade is lacking and competitiveness is lower than the global average. Improvements in the education sector with vocational, professional and hands-on training and raising quality standards criteria to match par with global levels will bring in confidence to trade in services. The recently held "Summer Davos" in Tianjin carried the theme "Creating Value through Innovation", and Prime minister Li Keqiang's state

visits to many countries included innovation at the forefront of his agenda and suddenly China seems to have woken up to innovate. But it is understood that in order to maintain

**Therefore it is evident that the Chinese government is executing its future economic policy with research and innovation at its forefront.**

(remain in the maturity stage) or even improve (extend and expand) the economic status they have achieved, innovation is vital to differentiate their production portfolio since the global economic ground is pretty much levelling and the country's comparative advantage based on labour seems not to support its

production based export-led growth. China's processing and assembling trade brings a trade surplus for China, but the value-added brought by its processing and assembling trade is minimal in the whole value of goods, and this demonstrates that in the vertical division of labour of intra-product specialization China's advantage is still in labour, although China's exports are high-tech products. Hence It is necessary for China to continue to increase its technology and industry advantages. Product, process and organisational innovation should be driven to harness competitive advantage stimulated through economies of scale and revitalizing technology and industry in China. **E**

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# Marketing Trends to Watch in 2015

By Justin Toy



As we turn the page on 2014, it's time to look ahead to 2015 and see what marketing trends will be important in the New Year and beyond. From small start-ups, to large multinational corporations, keeping up with marketing trends will be a source of strength and competitive advantage for firms of all sizes and ages. The following is a list of five marketing trends for 2015 that are a combination of leading industry analyst insight and an analysis of recent marketing data.

• **Rise of Marketing Technologists**

Marketing is a business function that is increasingly becoming more and more technology dependant. The term "marketing technologist" is one that has become common to describe technology professionals working in the marketing sector. These individuals are becoming

increasingly important in today's digital age, so much so that some firms are hiring chief marketing technology officers (CMTO) to help bridge the gap between the Chief Marketing Officer (CMO) and the Chief Information Officer (CIO). These marketing minded technology professionals are helping to guide organizations' marketing efforts into the digital era with their technical expertise. Expect to see this profession grow at a hot rate in 2015 as a number of programmers and other technical professionals join the marketing field to help increase their company's bottom line while increasing their pay check.

• **Augmented Reality & Wearable Technology**

The opportunities presented by augmented reality (AR) and wearable technology promise to be extremely deep and ground breaking. Augmented reality and wearables

allow marketers to creatively combine technology, the internet, and offline physical location in order to innovate new ways to help and engage consumers. Today, there are a number of clothing retailers using AR applications to help consumers save time and visualize what they would look like without actually having to try on any clothing. A few firms that are already embracing AR in a number of different capacities include Topshop, American Apparel, Converse, IKEA, and Burberry.

However, progress in this field has seen a dramatic setback as Google Glass, the most hyped up product in this space, has lost the interest of developers and early adopters. Google Glass is still quite rudimentary and expensive, especially compared to the price and functionality you can get out of your smartphone. Additionally, Glass's battery life is short and the device frequently overheats. Nevertheless, don't expect

Google to give up on Glass just yet. Instead, expect Google to announce an improved Glass 2.0 product in the near future. Or perhaps Glass will integrate with a very secret project that Google recently invested 540 million USD in back in October. Magic Leap, a stealthy company out of Florida with some impressive credentials, is secretly working on an AR project that they say will "generate images indistinguishable from real objects and then able to place those images seamlessly into the real world."

Another highly publicized and exciting AR project on the horizon is Oculus Rift which was purchased by Facebook back in March 2014. Though Oculus Rift is often associated with video games, it's obvious that Facebook has plans beyond gaming for Oculus. Imagine being able to preview a vacation destination fully immersed in the sights, sounds, and smells. The possibilities would be endless with immersive marketing that could appeal to all of your senses.

Apple's iWatch, which is due out sometime in early 2015, could provide a huge push in the wearables market and in turn, has the potential to

push wearables into the mainstream. Technological advancements in wearables and AR will allow marketers access to a wealth of real-time data ranging from location, to physical and mental health which could be used send custom tailored marketing messages at just the right time. With the exciting potential of wearables and AR technology, we are on the forefront of another ground breaking marketing revolution.

### • Content Shock Fallout

Content marketing continues to be one of the fastest growing strategies for firms of all sizes and is expected to expand for a number of years. Some analysts predict that by 2020, the amount of information on the web will increase by 600%. Today, marketers are spending on average a quarter of their marketing budgets on content marketing. However, marketers will have to spend an increasing amount of resources in order break through the glut of content in order to reach their customers.

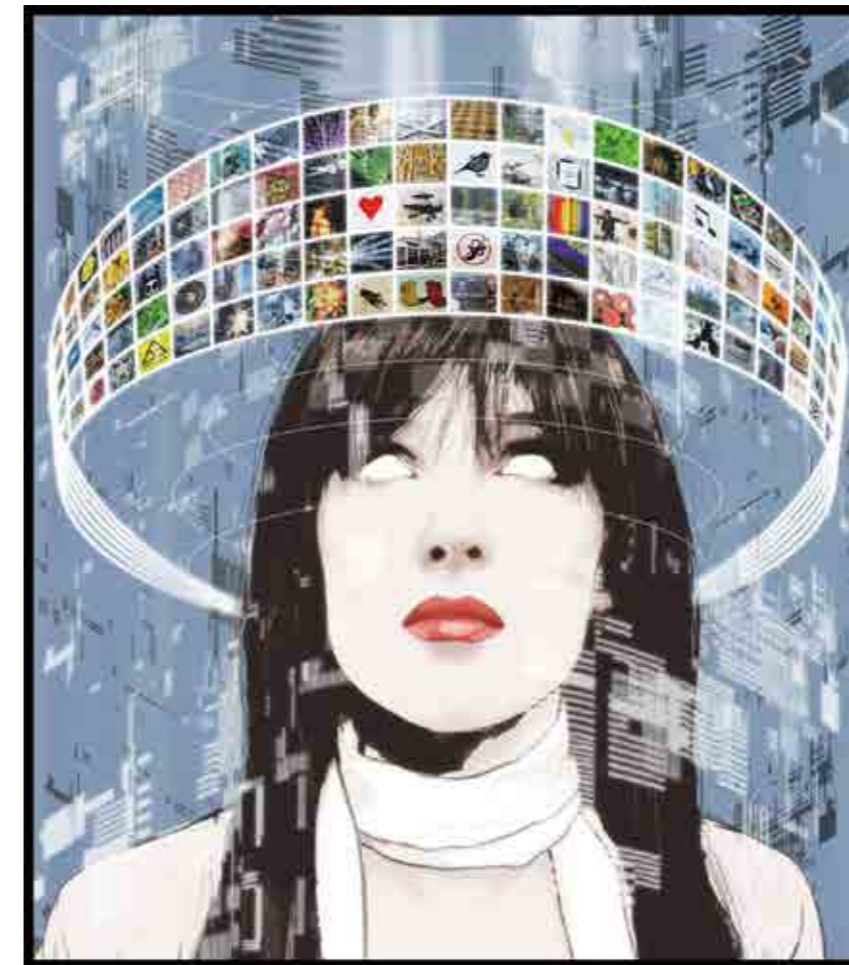
Another repercussion of this content overload is the increasing prevalence of filters and curation websites and

apps. In order to sort through the content clutter, more and more consumers will turn to some kind of filter to find fresh and unique content. Sites and mobile apps like Zite, Stumbleupon, and Flipboard already do this, even Siri for the iPhone acts as a kind of filter. Marketers will need to focus on making sure their content is making it through these filters if they want to maximize their reach.

### • Micro-Targeting and Personalization

Sites such as Facebook, LinkedIn, and Amazon have access to an incredible amount of customer data that is collected from their sites. These silos of information, in combination with publicly available and purchased sources of big data, will allow marketers to better understand their target audience and to target niche audiences in real-time. The use of targeted advertising in 2015 will become more efficient and effective.

All this personal data will translate to a strong increase in personalizing marketing efforts down to the individual level. Personalized marketing campaigns help build a stronger connection with your



customers and in turn leads to engaged consumers and better conversion rates. Personalized emails have a 14% higher click through rate and a 10% higher conversion rate. Integrating dynamic content in certain sections of your website will also play a large role in increasing personalization. In general, there's a fair amount of acceptance for the use of data for online advertising as only 47% of American consumers opposed a law that limited the use of data for this purpose.

**Marketing is a business function that is increasingly becoming more and more technology dependant.**

### • Mobile Marketing Continues to Grow

Many analysts predict that mobile web use will overtake traditional desktop/laptop internet use during 2015. Forbes predicts that by 2017, 87% of connected devices sold will be either a smartphone or tablet. This means that firms must strongly consider marketing plans tailored specifically for mobile devices, not just utilizing a responsive web design for their website. Consumers browse, click, and interact with the internet much differently through their phone and mobile devices than they would on a desktop or laptop. All digital marketing efforts moving forward must be considered from the mobile perspective. Expect to see a growing number of creative and innovative marketing campaigns built specifically for mobile consumers in 2015 and beyond. **B**

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# What the Shanghai-Hong Kong Stock Connect Means for You

By Michael Dow



Last year we saw one of the most anticipated equity market mergers of all time. On 17 November, Chinese authorities finally made a very long awaited move by agreeing to the connecting of the mainland's leading stock index to the Hong Kong exchange. The new two-way trading route also symbolises a broader trend of economic liberalisation and an increased internationalisation of the yuan. Above all else it means that many Chinese companies will now have access to more capital and foreign investors will have greater opportunities to get involved in the success story of the Chinese economy. This all sounds great and it is certainly an encouraging indication of the Chinese government's willingness to liberalise the country's tightly regulated financial system, but what

does it mean for both individual and institutional investors? In many respects this is actually a new world of opportunity for both mainland Chinese and foreign investors, as they will now have access to stocks that were previously unavailable within their respective jurisdictions.

One thing that has come to the forefront since the Stock Connect is the fact that the profound gap in valuations between the Hong Kong and Shanghai listings over the years has led to a number of large cap Chinese firms being grossly undervalued by mainland investors. According to Rutledge Capital, "Of the top 10 stocks listed in both markets, Hong Kong prices averaged 12.9% higher than Shanghai prices during the first six months of 2014 for shares in the same companies". This includes behemoth

companies like PetroChina, ICBC, China Construction Bank, Sinopec Corp and insurance giant Ping An. Conversely, a study showed that the top 69 companies traded on the Shanghai Stock Exchange as a whole have been trading at around a 10% discounted rate in Hong Kong for quite some time.

What this means is that investors can and most likely will capitalise on the disparities between large and medium cap firms' valuations on the respective stock indexes. If legendary money manager Jim Rogers is right though, investors shouldn't get too carried away with A class shares because "they are always the much more expensive". It is worth bearing in mind as well that many of the large or giant cap companies are SOEs (State Owned Enterprises), which means that question marks

over future profitability and things like privatisation are always going to influence investor confidence.

One of the great things about the Stock Connect is that it opens the door to interesting future listings on the stock exchange, of which there will no doubt be plenty in the coming months and years. Admittedly the small cap space in China presents considerable risks, but there are plenty of money making opportunities as well. As Louis Wong of Phillip Capital has pointed out, "investors should pay close attention to firms that are related to China's ongoing urbanisation and due to the environmental situation they need to consider companies that are involved in carbon emissions reduction, water treatment and renewable energy". And of course it is always worth keeping an eye open for upcoming Chinese firms that support the infrastructural development drive and provide services for the growing middle class.

The Stock Connect should also make China a better place to invest long term as it will give a big boost to the troubled Shanghai index and the wider Chinese economy as a whole. Over the last decade the Shanghai stock exchange has earned a reputation as one of the most volatile and disappointing equity markets in the world. After hitting

an all-time high of 6,124 points in November 2007, the Composite Index then crashed in catastrophic fashion down to 1,614 and is now trading at around 2,850. Although it isn't as cheap as it once was, the

**It will give a big boost to the troubled Shanghai index and the wider Chinese economy as a whole.**

index as a whole is definitely well priced relative to the intrinsic value of many Chinese equities that it is comprised of. Analysts are expecting to see some significant gains for the mainland stock market in the years ahead – partly as a result of the inflow of foreign capital following the Stock Connect, but also because China's GDP growth should remain above 6% per annum until at least 2020. Therefore, now could be a very good time to incorporate a broad spread of value stocks from the mainland into your long term portfolio.

But it isn't just about stock opportunities; it is also a very important development for those of us who are invested in the RMB long term. According to Nicole Yuen, Vice Chairman, Head of Equities and



Chief Operating Manager of Credit Suisse in Greater China, "This move is the second step in a three stage process to fully internationalise its currency. The first step was to make it tradable, which they have been doing successfully so far, and the second is making it an investment currency". The next logical step for the Chinese authorities would be to allow the yuan to become an international reserve currency. At the moment it is still a long way from being fully internationalised but it is also probably undervalued as a result. So thanks to recent policy changes like the Stock Connect we may finally be able to realise the big gains that could come about from yuan-denominated assets.

Going forward, if the Shanghai-Hong Kong Stock Connect is a success then it would almost certainly pave the way for more such programmes. Right now those who are involved in the Shenzhen Stock Exchange in some way or another will have a very close eye on the situation in Shanghai. Since the Stock Connect came into effect there have been significant upsides and very positive sentiments from both mainland and foreign traders. A Shenzhen-Hong Kong Stock Connect would be very interesting indeed. Although it isn't as historically cheap as the Shanghai index, the Shenzhen Composite has remained fairly stable since plummeting after the global financial crisis. The Guangdong-based index is also full of hidden gems that would make for solid capital gains plays for savvy foreign investors if they were given the opportunity to acquire them.

There's no doubt that when it comes to investing our hard earned money, more options is always better. That's why we should be celebrating the Shanghai-Hong Kong Stock Connect and hoping that the Chinese authorities continue to open the country up to outside investors. ■

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# Investment News

## Stocks and Shares

### Tesco's shares rise after CEO's move to take the helm in UK

A decision by Tesco's new chief executive to personally take over the day-to-day running of the grocer's core British business as it heads into the key Christmas trading period was broadly welcomed as a pragmatic move by analysts. Shares in Tesco have fallen 44 percent so far this year after an accounting scandal compounded a succession of profit warnings. Dave Lewis, who does not have any direct experience as a retailer, made his move with the UK business facing extremely tough trading conditions. Industry data published last month showed Tesco's UK sales, which account for two thirds of group revenues, falling at a greater rate than any of its main rivals -- Asda, Sainsbury's and Morrisons -- as it continues to lose market share to German discounters Aldi and Lidl. Lewis's decision to take up the reins of the UK business also follows Tesco's poor handling of its popular 'Black Friday' sales promotion last week. Police had to be called to stores, prompting scathing criticism from a senior police officer over the grocer's insufficient security.

Source: Reuters



### Singapore stock exchange down due to software glitch

Singapore's stock exchange (SGX) delayed trading on Wednesday 3 December for some three hours due to a software glitch. When the BBC contacted the exchange, it confirmed it would open for trade at 12:30 local time instead of 9:00. The exchange said in a statement the delay was to enable the correction of any errors that had occurred two days earlier, when the glitch occurred. It said the "software defect" had since been "rectified". However, when asked for more details of the software problem, the SGX said it could not comment further on the issue. "This delayed opening is to enable member firms to complete client position reconciliations, and rectify any errors in the end-of-day processing for 1 December 2014," the SGX said in a statement. The stock exchange said the market would remain open till 17:00 and that no extra trading time would be allowed.

Source: BBC



### Russia to fall into recession amid sanctions and plunging oil prices

Russia will plunge into recession next year under the weight of lower oil prices and western sanctions over Ukraine, the economy ministry warned. Gross domestic product is expected to shrink by 0.8%, a sharp reversal from the earlier official forecast of 1.2% growth for the year. Alexei Vedev, the Russian deputy economy minister, said: "We now assume that sanctions will remain in place throughout the whole of 2015. This for us means closed capital markets for the majority of Russian companies and banks, as well as unfavourable conditions for investment – uncertainty and a lack of security." Growth in Russia has already slowed sharply in recent years, falling to 1.3% in 2013 from 3.4% in 2012. Vedev said the economy could grind to a standstill or start shrinking in the fourth quarter of this year, potentially moving into the country's first recession since 2009 early next year.

Source: The Guardian



# Central Tianjin Real Estate Market 2014 Review

By Chelsea Cai, Senior Analyst, JLL – Tianjin



The commercial real estate market in central Tianjin, which is comprised of Heping, Nankai, Hexi, Hedong, Hebei, and Hongqiao Districts, has grown substantially in the last year in terms of both quality and quantity. While much of the media focus has been on the quantity of new office towers and shopping malls in Tianjin, little attention has been paid to the quality and the need for better commercial real estate in the city. Looking at the myriad of new commercial properties from office towers to shopping malls to hotels, the majority of the new commercial real estate stock is transforming Tianjin into a better place to work and live for all of its residents.

### New supply of Grade A and better quality Grade B office towers

New supply of Grade A and B office towers grew by approximately half a million square meters in 2014, increasing total office stock by over a third compared to 2013. While that number seems staggering, in the context of the currently existing office buildings, much of the new supply is needed. Looking at the office towers in central Tianjin, a significant portion were constructed over a decade ago and do not suit the demands of today's modern service sector firms. Many of them lack adequate power supplies and cooling systems for servers, security systems, and overall professional

environments. Comparing Tianjin's main business district to Beijing's CBD, the difference in quality becomes dismayingly apparent. Thus, the new office towers are welcome additions to the Tianjin market. Key projects that have greatly improved the overall quality of the office market are Metropolitan Tower Tianjin and R&F Center, developed by Hutchison Whampoa Property and R&F Properties, respectively. Metropolitan Tower Tianjin is located on Nanjing Road in the city's most important commercial area, and is the only Grade A office tower to be completed in the last three years. Located next door to the city's landmark Exchange Towers, it has already seen strong levels of demand

## Currencies

U.S Dollar - Chinese Yuan



Euro - Chinese Yuan



GB Pound - Chinese Yuan



Japanese Yen - Chinese Yuan



due to its superior specifications and convenient subway access atop lines one and three. R&F Center is located in Xiaobailou and, although it is considered Grade B, the rate of leasing has been rapid as a result of its quality outclassing all other buildings in the Xiaobailou submarket.

The improved quality in the market has given office tenants many more options to choose from and has caused some landlords to worry about rental levels. Overall, the office leasing market has turned extremely tenant-favorable for companies looking to establish a presence in the city. However, for landlords who own premium office towers, there is still room to push up rents. Although quality in the market improved in 2014, premium space is still scarce; so for confident landlords of top projects, rents can still go up. Tianjin office rents are relatively cheap, especially compared to Tier 1 cities, such as Beijing.

## Shopping malls displace department stores

The quality of the retail in the city has improved each year with more brands entering the market every month.

Many of these new retailers are taking space in shopping malls and some of the historic buildings that are ubiquitous throughout the city.

Two shopping malls that opened

**It will be those who stay innovative and look to improve the quality of their services and products that will be able to increase rents and rates.**

in 2014 that were well received by retailers and shoppers alike were Riverside 66, developed by Hang Lung Properties, and Aeon Shopping Center in Meijiang. Both shopping malls host popular fast fashion, such as H&M, GAP and Uniqlo, have a bevy of food and beverage options (F&B), and house high-end supermarkets featuring items that are not easily found in many of the local hypermarkets. The enticing

tenant mixes of these two malls are indicative of why shopping centers are displacing traditional Chinese department stores as the most popular retail destinations.

Riverside 66, located on Heping Road at the northern end of Binjiang Avenue, is already disrupting the customer flows and business models of the department stores around it. For example, many of the department stores along Binjiang Avenue have undergone repositionings and upgraded their tenant mixes in order to stay relevant under the pressure of new competition. In addition, Tianjin Quanyechang, located across the street from Riverside 66 and one of Tianjin's longest operating department stores, added new F&B brands to its basement in order to attract and retain a younger crowd of shoppers.

It is still too early to determine whether or not the incumbent department stores in the city can keep up with their new challengers, but the future for department stores is looking bleak as shopping malls, such as Riverside 66, Joy City and Galaxy International Shopping Center, draw away shoppers and attract the new and exciting retail brands that are not



easily purchased online.

The city's historic buildings have also been given new life by retailers. The Sheng'ao Commercial building, located next to Riverside 66, is now a four-floor flagship Zara store, and Xiannong Block is now one of the most popular destinations in the city for F&B, particularly amongst foreigners.

The rise of more retail options in Tianjin has certainly made the city a more enjoyable place in which to live, especially on a cold polluted winter night.

## More five-star hotels should mean better service

The city has experienced an explosion of five-star hotels over the past two years, and 2014 was no different with three five-star hotel launches within mere months of each other: the Hyatt Regency Tianjin East, Shangri-La and Pan Pacific. While hotel general managers are concerned about so much new competition with so many great options to choose from, for tourists, and even locals, this is a great time to be in Tianjin. There are

few places in the world where you can stay at the St. Regis or the Shangri-La for around 100 USD a night. Moreover, hotels tend to improve the overall service quality of a city, as they provide extensive training programs for their staff and have stringent guidelines and protocols. This is certainly a boost for Tianjin, a city that has notoriously abhorrent customer service.

Much like trickledown economics, trickledown better service should result as more people become accustomed to going to places where service is polite and respectful. Customers will start visiting places, such as hotels, where they know the service quality is better, and this will require other establishments in the city to follow suit in offering improved service.

## Tianjin's future is looking bright

In the past year, Tianjin has become a better place in which to live and work, especially from a real estate perspective, and 2015 will be more of the same. Vantone Center is anticipated to open in September

and will be central Tianjin's first pre-certified LEED gold office tower. In addition, the shopping centers, Metropolitan Plaza Tianjin and Riverview Place Tianjin, are expected to open in the first half of the year and provide new retail brands and experiences for shoppers. The Four Seasons hotel will also be making its debut in the latter half of the year. Competition in the city is intensifying, and that means that customers will benefit. For people living and working in Tianjin, it is undoubtedly a great time to be in the city.

For landlords of commercial real estate projects, it will be those who stay innovative and look to improve the quality of their services and products that will be able to increase rents and rates, in spite of the new supply. While times will be difficult for projects of lower quality, landlords of premium assets should find a receptive market despite an influx of supply. ■

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# How Can I Keep Employees From Inefficiency?

By Robert Parkinson, CEO & Founder of RMG



From playing a supportive role to more of a critical role, an HR manager may be a judge on employees' annual performance at the end of the year. Research shows that 20% of employees are excited to hear results from an annual performance review, whereas the rest range from disinterested to fearful. Among those 80%, some are even overwhelmed with anxiety, and they wonder how employers might deal with them.

From an employer's perspective, the incentive of an outstanding performance review has the potential to motivate. On the other hand, some employers use the other side of the coin-punishment. Unfortunately this

usually yields poor results, and if you are about to disappoint and demotivate employees by decreasing salaries or berating them, I suggest you reconsider.

Let me start with a question for employers. Have you listened to employees who give reasons or excuses for not finishing their work properly? Most employers reply with a positive answer. However, by "listen" what I mean is not that you are taking phone calls, reading emails, or dealing with other work at the same time. We are talking about a serious performance review, and without contributing time and effort to employees, employers can hardly

help them.

There are generally two types of employees who have difficulty in reaching a key performance index. The first has lazy genes coded into his DNA, while the other is the kind who is generally not clear about how to efficiently and effectively finish tasks at work. With my experience in meeting thousands of candidates and interviewees, the majority of employees belong to this second class. Employees in this group might think that they know how to finish their work properly, but in fact, they simply do not know any better or efficient ways to finish tasks. When you discover

employees cannot reach targets due to a lack of efficiency, it is not too late to help solve the problem with employees, and I have summarized five typical flaws regarding employees' daily working habits.

## Difficulties in task arrangement

It is often the case that employees are assigned with many tasks at the beginning of the week. Some employees are well regulated in arranging assignments. However, a large number of employees have no clue which task they should start with. In this regard, it is important to introduce employees to the Pareto Principle, which is widely known as the Principle of 80/20. Ask employees to highlight those 20% of tasks which will be the most effective. Instead of directly telling employees which tasks to do, help them think for themselves. Management experience tells us people who focus on the 20% end up with much more efficient results compared to those who randomly start working.

## Problems in time management

The second problem lies in time management, which is closely related to the first problem. A lot of

employees have difficulty in arranging their time and workload because they do not fully understand urgency and importance. It is possible employees cannot differentiate which tasks are important and worthy of their time. Helping employees see how they spend their time and which tasks are worth spending time on will help them become more efficient.

**Helping employees is much more appreciated than criticizing or screaming at them.**

## Afternoon Farmers

Another common problem is that of "afternoon farmers", which represents those who have difficulty in overcoming procrastination. Employers might need to be extra careful with this type of employee, as chronic time-wasters may be more trouble than they're worth and need termination. On the other hand, if you simply find employees are addicted to social media during work hours, as many young people are, then simply communicating expectations with them can often solve the problem.



## Thinking about tasks over and over again

"If in doubt, send it out" is a popular saying among employees in my company. I believe in the recruitment business it works well to send out candidate resumes, even when there are concerns or doubts, as opposed to wrestling with one resume for hours on end. We have limited time at work. Spending three hours thinking about various possibilities does not yield efficiency or results. When faced with a troublesome task, the key to the solution is quick action.

## Stubborn about their "ideas"

The last problem generally exists among young people. Inspired by the "exciting" and "legendary" stories of Bill Gates, Mark Zuckerberg, Steve Jobs, Jack Ma and so forth, many seem to misunderstand these pioneers' sense of creation and innovation. Some even bring this type of spirit to their own work. Some young employees cannot get along well with other team members. Others are rather difficult because they do not listen to the experiences of their managers. Employers with entrepreneurial spirits like employees with creativity and innovation, but not those with stubborn attitudes. But try putting yourself in these young employees' shoes. Often you can win sincere admiration and respect from them and then they are the most easy-to-manage employees in the company.

There are any number of reasons for a poor performance review. In short, before getting angry with inefficient employees, you should look to discover the reasons behind this inefficiency. Helping employees is much more appreciated than criticizing or screaming at them. **B**

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# Using Design Patents to Effectively Protect Product Designs in China



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Due to the difference in regional systems, many European companies do not know how to protect their product designs in China. While in Europe you can seek protection for an original work as either a registered or unregistered community design, in China designs fall under the scope of patent protection, while no protection is offered to unregistered designs.

A design patent provides the right holder to exclusive use of a product design for a period of 10 years. As well as providing a legal basis to fight counterfeiters, a design patent also allows you to generate additional revenue by licensing the design to third parties.

### Definition

According to China's Patent Law, a design is defined as "the shape, pattern, or the combination thereof, or the combination of the color with shape and pattern, which are rich in an aesthetic appeal and are fit for industrial application." While most items with a distinctive exterior appearance can be covered by a design patent the following cannot: trade marks, parts of a design which cannot be used or sold separately and items that contravene local law or have a negative effect on public interest.

A Chinese design patent provides exclusive use of the aesthetic features of a product for a period of 10 years; that is, protection of the way a product looks as opposed to how it functions. In addition two products with different functions but which appear the same may be covered by the same design patent. For example, the same design patent could apply to

two generations of mobile phone with the same external appearance but different functionality. The only condition is that all products covered by that design patent have to be capable of being sold or used independently. As such, retail spare parts can be protected by design patents in China.

Importantly, the design must be novel. This means that the design must be new and not have been disclosed to the public through sales, advertising or any other means anywhere in the world before the application is filed in China. If the design was disclosed

before the design patent application was filed, the patent could be invalidated later. Therefore if you plan

**A Chinese design patent provides exclusive use of the aesthetic features of a product for a period of 10 years.**

to pursue a design patent in China make sure your design is treated as a trade secret and not made public in your home country or elsewhere in the world before the application has been made.

### Comparison with the European system

Europe and China differ in several crucial aspects with regards to the legal structures for design protection. The table below lists some of the key differences to be aware of.

	EU Community Design	Chinese design patent
Maximum term of protection	25 years	10 years
Unregistered design right protection	Protected for 3 years	NOT protected
Max. number of designs in one multiple design application	No limit	Maximum of 10
Novelty requirement	12-months grace period	Absolute novelty
Limitation on number of views	Max seven views per design	No statutory limitation
Brief description of design	Optional	Mandatory





## New Arbitration Rules Issued by the China International Economic and Trade Arbitration Commission



Manuel Torres



Ge Lishe

By Manuel Torres  
(Managing Partner) and  
Ge Lishe (Associate) of  
Garrigues Shanghai



### Design patent VS Copyright

In China, copyright and design patents serve two distinct functions: copyright protects the physical expression of an idea whereas a design patent protects the aesthetic features of an industrial product. Different aspects of the same product may be covered by these different types of IPR. For example, the external appearance of an electric razor may be protected by a design patent whereas the instruction manual, packaging and marketing materials are covered by copyright.

Some companies may ask when a design patent should be used and when copyright should be used to protect a product. In general, design patent protection should be considered whenever a product with new and distinctive aesthetic features is in development. It is less straightforward if the product has two-dimensional (2D) design features such as patterns, colours or their combinations. Although such products are not excluded absolutely from design patent protection,

such 2D design features would be excluded if these are mainly used for identification i.e. being used as trade mark. Therefore, it is advisable to protect products with 2D design features by copyright initially, and where possible apply for design patent protection.

Furthermore, copyright can offer an additional layer of protection as it protects images of the design such as photographs and those found in instruction manuals. When counterfeit items are offered for sale, especially online, they often use copyright protected images. Providing copyright ownership can be proved, this can be a successful IPR protection strategy. This strategy is useful in cases where a design patent cannot qualify for a design patent, for example, if the product has been disclosed in Europe and cannot meet the absolute novelty requirement for a design patent.

### Take away messages

- You should register your design

patent in China before you disclose your design patent anywhere in the world (or before the end of the 'grace' period, to follow a European registration with a Chinese application), otherwise your design patent could be invalidated.

- Design and copyright in China protect different items. If a product is to be made from design diagrams, then design patent protection should be considered.
- Multiple design application (up to a maximum of ten designs) should be actively considered whenever possible.
- Due to the unique Chinese IP infringement environment and the nature of design patents, design patent infringement litigations are very active, and good litigation results can be obtained by the owners of such rights. **E**

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The China International Economic and Trade Arbitration Commission (CIETAC) is one of the most important international arbitration institutions in the People's Republic of China (PRC for purposes of this article refers to mainland China which is exclusive of Hong Kong, Macao and Taiwan). On 4 November 2014 the current Arbitration Rules (Arbitration Rules 2012) of CIETAC were revised, while the new Arbitration Rules (Arbitration Rules 2015) shall take effect from 1 January 2015.

As introduced by the chief officer of CIETAC, the main purpose of this revision is to adapt to the development of commercial activities in the world, as well as to improve the international competitiveness and influence of CIETAC. As it is very common for a foreign company or foreign invested company in China to choose CIETAC as the arbitration institution when it concludes contracts with Chinese partners, the revision of the arbitration rules may warrant the attention of foreign investors as it may affect dispute resolutions.

In this article we will analyze the key contents of the revision as well as their potential impact.

### Improving Arbitral Efficiency

- Regarding Arbitration of Multiple Contracts

According to Arbitration Rules 2015, the claimant may initiate a single arbitration concerning disputes arising out of or in connection with multiple contracts, provided that all the following standards are satisfied:

- Such contracts consist of a principal contract and its ancillary contract(s), or such contracts

involve the same parties as well as legal relationships of the same nature;

- The disputes arise out of the same transaction or the same series of transactions; and
- The arbitration agreements in such contracts are identical or compatible.

It is expected that adoption of this new rule may save arbitration resources as it breaks the previous limitation of “one arbitration for one contract”, which will be more convenient for the parties to solve disputes involved in a series of related contracts.

#### • Regarding Consolidation of Arbitrations

In Arbitration Rules 2012 it is stipulated that the consolidation of different arbitrations should be subject to the consent of all parties, regardless of whether the consolidation is requested by one party or proposed by the arbitration commission.

This requirement is changed in Arbitration Rules 2015, which clarifies that, provided all parties have agreed to consolidation, the arbitration commission has the power to make the decision to consolidate different arbitrations based on the request of

one party, provided that any of the following standards are satisfied:

- All of the claims are made under the same arbitration agreement; or
- The claims are made under multiple arbitration agreements that are identical or compatible and the

### Arbitration Rules 2015 reflect the latest development in the practice of CIETAC.

arbitrations involve the same parties as well as legal relationships of the same nature; or

- The claims are made under multiple arbitration agreements that are identical or compatible and the multiple contracts involved consist of a principle contract and its ancillary contract(s).

#### • Regarding Joinder of Additional Parties

In order to provide better arbitration service regarding disputes arising where multiple parties are involved, the mechanism of joinder of additional parties is introduced into

Arbitration Rules 2015 in which one party may file a request to CIETAC for adding an additional party to the arbitration.

It is notable that, regarding the joinder of an additional party:

- Any party has the right to request the joinder at any stage during the arbitral proceedings, while any of the other parties have the right to object to the jurisdiction over the arbitration with respect to the joinder proceedings; and

- CIETAC has the power to decide whether it has jurisdiction over the arbitration with respect to the joinder proceedings, as well as whether it approves the joinder.

#### • Improving the Summary Procedure Threshold

Compared with the general procedure, the summary procedure is a simplified procedure which may solve a dispute faster. For example, the summary procedure has a much more simplified mechanism for the formation of an arbitral tribunal, shorter time limitations for the party’s submitting of defense and counterclaim, as well as shorter time limitations for the arbitral tribunal to issue the arbitral award.

According to Arbitration Rules 2012, unless otherwise agreed by the parties, the summary procedure shall apply to any case where the amount in dispute does not exceed 2,000,000 CNY. Such a threshold is increased to 5,000,000 CNY in Arbitration Rules 2015. Based on such an increase, it is expected that the summary procedure will be applicable to more cases, which will be more efficient for parties to solve disputes.

### Clarifying Arbitration in Hong Kong

The CIETAC Hong Kong Arbitration Center, established in 2012, is the first overseas branch of CIETAC. Considering that Hong Kong is a jurisdiction different from mainland China, Arbitration Rules 2015 specifically include a chapter to clarify the rules particularly



applicable to Hong Kong arbitration, mainly including provisions for place of arbitration, laws applicable to the arbitral proceedings, decisions on jurisdiction, nominations or appointments of arbitrators, interim measures and emergency relief, etc. These rules are for the purposes of improving the competitiveness of the CIETAC Hong Kong Arbitration Center in the Hong Kong market.

### Incorporating the Emergency Arbitrator Mechanism

The emergency arbitrator mechanism is a recently developed mechanism in international arbitration which aims to protect a party’s interests under emergency before the formation of an arbitral tribunal.

According to the emergency arbitrator mechanism incorporated in Arbitration Rules 2015, based on applicable laws or agreement of parties, a party may apply to CIETAC for urgent interim relief pursuant to

the CIETAC Emergency Arbitrator Procedures. The emergency arbitrator may decide to order necessary or appropriate urgent interim relief which shall be binding upon both parties, and a party may seek enforcement of the order from a competent court pursuant to the relevant provisions of the enforcing state or region.

It is notable that, though Arbitration Rules 2015 adopt the emergency arbitrator mechanism which allows an emergency arbitrator to order necessary or appropriate urgent interim relief, as PRC Arbitration Law stipulates that the interim measures shall be decided and enforced by the court while the arbitration institution only has the right to forward a party’s request of the interim measures to the court, it is unclear whether a party can seek enforcement from a PRC court in accordance with the emergency arbitrator. However, it may be concluded that a party may seek enforcement of the order from an overseas court in cases where the overseas court supports the

enforcement of the urgent interim relief made by CIETAC.

The incorporation of the emergency arbitrator mechanism can improve the CIETAC Hong Kong Arbitration Center’s competitiveness significantly, as according to Hong Kong law the order of interim relief made by an emergency arbitrator can be enforced by Hong Kong courts.

### Conclusion

Compared with the previous arbitration rules, Arbitration Rules 2015 reflect the latest development in the practice of CIETAC, as well as showing the increased internationalization of CIETAC aiming to serve parties in a more efficient and competitive way insuring benefits to all involved parties. **B**

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# Profitable but Broke: Is it Possible to be Both at the Same Time?



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There is a common saying in business, “Cash is King”. Cash is paramount for its multiple uses in running a business—from investing in plant and property as the business is kicking off, to paying dividends to investors as they seek a return on their investments.

When people want to know whether a company is running well or not, checking the company’s profit is one of the easiest and most common ways. This raises an important question: Is it always a reliable way?

To answer this question, I will share with you the following story.

## A Tale of Hard Work

A very smart and hard-working young man decided, after working for 5 years for an international company in Beijing, to go back to his home town and open his own company. Blood, sweat and tears: a company is built.

He opened a company that produces top quality wool sweaters. After two years of hard work the company started to make money, and little by little it became very profitable. Suddenly the company went bankrupt. The young man, outraged with the situation, started to wonder what went wrong. And the only question he had in mind when two officers from his bank came for the last time to take over all his company’s assets was: How did this happen to me?

## Understanding What Went Wrong

While he is grieving, let us help this young man find the reason for his issue from a financial perspective.

Looking at his company’s income statement, the company’s net sales increased year by year, a signal of business expansion. And the trend of net income is in line with

the growth of the company’s net sales. Overall, we might easily come to the conclusion that the company is making a positive return, and that if expenses are controlled properly (in proportion to the growth of sales), there is nothing to worry about and a bright future is just around the corner.

However, positive (or even growing) net income is not a sufficient indicator of healthy situation. In essence, it is a figure that indicates how much money you may have made once cash from all sales contracts has been received, and cash for all expenses incurred has been paid (and after certain adjustments to plan for the future which we will not cover here). Yet, in real-world business, a considerable proportion of sales are credit sales—a contract that mandates a future payment—which do not turn into cash until the promised date comes. If the company is too aggressive in sales expansion, and especially if part of this aggressiveness involves extending the credit term of sales contracts, it will have to tie up a lot of cash to cover the period of cash collection from customers. As a result, the more it is selling, the tighter its cash situation.

As though this were not enough, when the company manufactures the product, it has to pay money for raw materials and direct inputs before getting anything from the clients. Assuming that the manufacturing

process takes an average of twenty days, he needs cash to cover an additional twenty days of expenses per item produced.

Going back to our story, it is true that the young man’s company was making a profit on each sale, and it is also true that their profit increased faster and faster. And he was quite encouraged by those two facts to expand his

**A profitable company must be careful to match cash inflows and cash outflows.**

company, in other words, to produce more. Meanwhile, he was paying money to suppliers and covering his company’s daily operation from the company’s limited supply of cash, before getting anything from his customers. This corresponded to a total period of 50 days divided into 20 days production and 30 days credit for customers, which the young man was obliged to cover before earning anything in return. Soon, his company reached a point where it was short on cash and unable to support its production process.

Knowing that he would be getting money from customers, the young man took a loan from the bank and spent it all on producing more goods.



However the underlying problem was still there. As a result of growing sales, he needed more and more cash. He was unable to pay back the bank.

As you can see, as long as his company’s sales kept growing too fast, borrowing money from the bank simply fueled the problem. The young man put his company in a cycle that took his company into bankruptcy.

The lesson is that even a profitable company must be careful to match cash inflows and cash outflows.

## Inset: Financial Questions and Financial Statements

As management consultants, when we arrive at a client company, we need to understand its situation fast. If the project is a finance-related project, the three first questions to which we need an answer are: how much money is the company making? How much cash is it making? What does it have and what does it owe?

It is easy to assume that the second question is the same as the first one. This is the mistake that the hero of our story made, and this mistake caused him to fail.

These three questions are so important that they are the reason behind the three primary financial statements of the annual report:

- The Income Statement answers the question, "How much money is the company making?"
- The Cash Flow Statement answers the question, "How much cash is it making?" If our hero had established a Cash Flow Statement, he would have realized the danger he was in.
- The Balance Sheet answers the question, "What does it have and what does it owe?"

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# The Manhattan Project

By Richard Cook



A journey through any major Chinese city will draw parallels to countless other sky reaching cities. Not only skyscrapers, but mimics of western icons. Like an individual, a change of hairstyle or clothing of the latest fashion displays image, and often (sometimes unfairly) another passing judgment. Generally, the same goes for the appearance of a country. If I say London, you think of Big Ben, Buckingham Palace and if you've been there recently, perhaps the Shard. Paris, the Eiffel Tower and the Arche De La Defence. It is the discourse of imagery and association you are using when you say the name of a place and then think of a famed image of

that place. Recent trends have been to height and size. It has been said, "When there is no room to build out, you build up." Considering China's size and pomp we aren't surprised at the grand scale of the projects that are popping up throughout the country. So what will this new column bring you? This is a project to bring increasing scope on China's, and more specifically Tianjin's, development projects that are underway. Not only this, we hope to bring you some of the facts and figures to bring you closer to some of the largest development factors that are materializing. We'll look to answer the who? what? when? where? and why? questions and these details will fit together like a jigsaw

puzzle, providing a bigger picture, and helping us think through what propositions will be envisioned as Chinese development seeks to conquer more feats.

## Goldin Finance 117

Let's start with something local on parallel with the grand scheme of things. You may have noticed on a clear day a larger structure taking form to the west of the city. A beacon of towering height, this object is the latest flagship development for Tianjin. Named Goldin Finance 117 or China 117 Tower, the construction of this building will erect to 597m or 1957ft at its tip, meaning it will be

the 9th tallest building in the world and 2nd tallest in China - iconic for Tianjin.

**Who?** The project owner Goldin Properties Holdings Limited, a well renowned and successful group, is striving forward with its "Tianjin Goldin Metropolitan Project". The group is a leading specialist in the mainland property market, listed on the Hong Kong Stock Exchange. As of 2007 the company began development of business property according to the demands within the mainland economy and targeting the high-end property market emphasizing excellence. With the securement of the symbolic Goldin Finance 117 project, the group is preparing to expand its quality developments to other major cities around China. Other associate project groups involve the well-known and established Arup Group, P & T Group and ECADI.

**What?** The complex itself will be a grade A host to elegant office space as well as consisting of a 6 star hotel at the very top of the structure, displaying the highest of quality in a truly golden project. Situated to the

north of the compound an artistic shopping mall is underway to bring the target audience a range of top quality international and domestic shopping brands. In addition to this, a convention centre is to take shape as well to draw in the international recognition this mammoth project deserves.

**Where?** Towards the west of the city. The official address is Haitai South-North Street, Huayuan Industry Park - an area soon to be known as the Goldin Central Business District (CBD). On a clear day the structure will be so dominating over the skyline a simple point of the finger and "那" will be enough for a taxi driver.

**Why?** Consistent with the Chinese government's chief economic plan of the "5 Central Cities of China", economic/infrastructure development demand is still and expected to remain astronomical. Tianjin is set to have its own Manhattan like areas to display symbolic economic power and advertise the vast service sector growth in the country. Mr. Pan Sutong, Chairman and CEO of Goldin Properties Holdings Limited,

emphasizes Tianjin as a strategically vital location where designers and planners can envision and create excellence, citing Tianjin's perfect economic environment.

**When?** Initially, it was scheduled to be completed by this year, however postponements set the construction program back, and the current target for completion is now set at 2016.

We don't need to spell it out-companies like Goldin Finance are a major driving force and are here to stay. Getting on board with such projects is key for the investor, engineer or designer. China has now endeavoured on more milestone projects than any other country in history. The time is now to get involved, and in 2016 it is highly likely that you will be spending time in this new area, as restaurants, shopping and work will team around this colossal CBD. **E**

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# 5 New Year's Resolutions Every Leader Should Make



Murray MacTavish, MBA, PhD  
Dean, Great Wall MBA Program  
Trinity Western University  
Dr. MacTavish is the Dean of Trinity Western University's Great Wall MBA program offered on the campus of their joint venture partner Tianjin University of Finance and Economics. He researches effective leadership practices in China.



As we enter the New Year one of the time-honored traditions for many is making resolutions for the upcoming year. From spending more time with family to losing weight or exercising more, there are many ways for individuals to improve themselves. For business leaders, there are a multitude of options, from personal resolutions to desired organizational changes. For those of us leading organizations, we can consider some ways in which we can become a better leader in 2015.

**Resolve to be the Kind of Leader People Want to Follow** – Employees differ in how they like to be lead. Some prefer greater autonomy while others seek more support. Some are very skillful and need little coaching. While others require significant amounts of training. Further, how do you build relationships with employees? Are you approachable? Or are you distant and seemingly uncaring? People will be able to tell if you like them and respect them. They will also form opinions about your leadership skills and your character. Do people appreciate you as a leader and want to follow you?

**Resolve to Know Yourself** – Many leaders do not have a good understanding of themselves, their skills and abilities, and the areas in which they can improve. Whether you are in a senior leadership role or just starting your career, thoughtfully examining your preferred leadership style is a valuable exercise. Are you a driven leader who pushes his or her employees to burnout? Or do you listen to your employees so you can help them meet the organization's goals? Which of the many leadership styles will be the most effective to get the best out of your employees?

The first step is to examine yourself. Which skills and abilities are you good at? Are there any areas where you would like to see improvement? Then ask yourself, what leadership attributes do you possess? What is your preferred style of leading: autocratic, authoritative,

participatory, or transformational, to name a few? You may even utilize several different leadership approaches. Knowing your leadership strengths will allow you to enhance these skills and to develop additional leadership styles, particularly as you consider which approach(es) will help your team achieve and even exceed your company's goals.

**Resolve to Set an Example** – Everyone watches leaders, how they dress, how they treat others, when they arrive at work and when they leave. The leader's behaviours tell everyone how they should behave. Leaders play a critical role in creating the organizational culture. So, pay attention to what you say, how you act, how you treat employees, etc. You can have a direct influence on how employees see themselves in the company and how they choose to act.

**Resolve to be a Better Listener** – Open the channels of communication

by asking for employee input. When employees are listened to and their input is acknowledged—whether their ideas are used or not—helps them feel valued and appreciated. No one can know everything. And your employees are a wealth of knowledge and insight to draw upon. Why not help them feel like they matter to you and the organization by listening to their ideas and suggestions. Who knows, perhaps the next great idea will come from an employee.

**Resolve to be Thoughtful** – Unfortunately, business leaders are often so busy managing the daily activities of running the organization that they have little time left to focus on building relationships with their own employees, customers, and suppliers. Being thoughtful is one of the most important ways to develop relationships. It shows people that you notice and appreciate them and their contribution to the success of your

company. Generosity towards them encourages reciprocity. And showing kindness to others leads to feelings of being valued and appreciated. The Confucian concept of *rén* (仁), or benevolence, echoes this idea in some way. Our employees will appreciate us as the leader if we act humanely toward them, thoughtfully paying attention to their wants and needs.

It takes time to make changes in one's life and mind set. In the coming year, if you intentionally pursue these resolutions, you will see noticeable improvements over time in your effectiveness as a leader and in your organization. **B**

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## Mr. Zulkiflee Januar, Newly Appointed Director of Food & Beverage at The St. Regis Tianjin Hotel

The St. Regis Tianjin, an iconic hotel in town located along the Hai River, is delighted to announce the appointment of Mr. Zulkiflee Januar as Director of Food & Beverage.

Mr. Januar comes from Singapore, and he is a dynamic leader who brings us extensive hospitality management experience. During his 18 years within the hospitality industry, Mr. Januar started his Starwood Journey in 2007 with The St. Regis Singapore as Assistant Food & Beverage Manager. He also worked at The Ritz-Carlton Millennia Singapore and The Westin Shanghai. Recently, Mr.

Januar was Director of Food & Beverage of the Inter Continental Chengdu Global Center.

Mr. Januar will exert his leadership on F&B at The St. Regis Tianjin to deliver the brand promise and provide guests with bespoke service that is beyond expectation.



Martin Winchell  
Chair



Jon Reed  
Vice Chair



Michael Hart  
Executive Committee



Sean Filson  
Executive Committee



Justin Franke  
Executive Committee



Alex Scilla  
Executive Committee

## AmCham China Tianjin Chapter Elects New Executive Committee

The Tianjin Chapter of AmCham China recently held an election for its executive committee. Eight candidates were running for six seats, and the six winners subsequently voted for a chairman and vice chairman. The new executive committee will be:

Chair: Martin Winchell, Schneider Logistics

Vice Chair: Jon Reed, California Cedar Products

Executive Committee:

Justin Franke, Boeing Tianjin Composites

Michael Hart, Jones Lang LaSalle(Tianjin)

Sean Filson, Taylor Printing

Alex Scilla, Tianjin Fresh Farm Plus Agricultural Technology

The new executive committee will take office on 1 January 2015, and serve for two years. The chairman and vice chairman will serve for one year.

Re-elected chairman Martin Winchell said: "It's a great honor for me to be re-elected to lead the executive committee in Tianjin. In the upcoming year, I will work on ensuring our members' interests are well represented in engagements with the local authorities, holding more impactful and valuable events, and seeking even greater synergies with the broader business community."



European Chamber  
中国欧盟商会

## Past Events:

### Breakfast Briefing: The Future of Industrial Automation and Industry 4.0 in China

27 November 2014

Co-organized with the German Chamber, the European Chamber Tianjin Chapter hosted a Breakfast Briefing in the recently-opened Pan Pacific Hotel Tianjin. Mr. Stefan Kracht shared his insights on the Industry 4.0, and managers from member manufacturing companies were interactively involved in the discussion of the future of industrial automation.



### 2014 China Tax & Business Seminar: Latest Tax and Regulatory Trends in China

27 November 2014

The annual Tax Seminar focused on the latest Chinese tax and regulatory trends was hosted at the Nikko Hotel Tianjin. Experts from PwC covered various finance topics and issues companies encountered in 2014. More than 60 finance managers participated in this afternoon seminar.

### Training course: Working Effectively Across Cultures

28 November 2014

Working Effectively Across Cultures Program (WEACP) is a whole day training for professionals working in today's global world. This training highlighted the importance and skills of cross-cultural communications and collaboration by focusing on many objectives. Facilitated by a trainer from C2C, four modules were brought into the training by multiple methods.



### 2014 Annual Cocktail Reception in Tianjin: A direct dialogue with new EU Ambassador

3 December 2014

On 3 December 2014, The European Chamber Tianjin Chapter hosted its annual cocktail reception with members in Tianjin to finish 2014 and pre-celebrate the Christmas and New Year. Hans Dietmar Schweisgut, the newly appointed EU Ambassador to China and a group of officials from the EU Delegation also attended the event. Ambassador Schweisgut delivered an important speech at the beginning of the cocktail reception, and also discussed several issues with representatives from leading European companies in a private meeting before the event.



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## Past Events:

### 2014 China Tax & Business Seminar

27 November — Hotel Nikko Tianjin

On 27 November, AmCham China, Tianjin, in conjunction with The European Chamber of Commerce in Tianjin and German Chamber of Commerce in Tianjin invited specialists from PricewaterhouseCoopers (PwC) to discuss the latest tax and regulatory trends, challenges, and opportunities.

The meeting also provided an excellent opportunity for finance people to meet and exchange ideas and experiences with peers and experts to solve complex tax issues in China.



### 2014 AmCham Tianjin Annual General Meeting

4 December – Renaissance Tianjin Lakeview Hotel

AmCham China, Tianjin Chapter held its annual general meeting on 4 December to announce the members of our 2015 & 2016 Executive Committee and give our members a chance to become involved in the Tianjin professional community. In addition, the chair of the referendum committee, Steven Yao, also announced the executive committee chair and vice chair during the event.



### Tianjin Environment and Sustainability Committee Kick-off Event

19 November – The Westin Tianjin

On 19 November, AmCham China, Tianjin's Environment and Sustainability Committee had its kick-off event at the Westin Tianjin with nearly 20 participants.

The meeting was opened by the co-chairs of the committee, Alex Scilla and Daniel D'urso, with an overview of the committee's goals and direction and followed by a round-table discussion where each participant discussed their current company's green policies and their ideas for involvement.



Room 2918, 29F, The Exchange Tower 2, 189 Nanjing Lu Heping District Tel: +86 22 2318 5075 Fax: +86 22 2318 5074 [www.amchamchina.org](http://www.amchamchina.org)

## Past Events:

### Interchamber Breakfast Seminar - The Future of Industrial Automation and Industry 4.0 in China – 27 November 2014

### Seminar - Annual Audit in China: Do's and Don'ts for International Companies – 03 December 2014

### German Chamber Christmas Dinner – 05 December 2014

### Seminar - Cross-border Employee Assignments: Laws, Regulations and Tax Issues – 11 December 2014

### German Christmas Market – 13 December 2014

This Advent season the German Chamber again organized the traditional Christmas Market for the Chinese-German Community, this time at the impressive Haihe River terrace of the St. Regis Hotel. The Christmas atmosphere at the market attracted more than 350 people. Guests enjoyed a typical Christmas buffet with German specialties and warmed themselves with mulled wine and punch for children. Typical Christmas products such as traditional handicraft, wine or bread were sold at different booths, and children were playing in the kid's corner organized by the Goethe Institute. The highlight of the event was the visit of Santa Claus who brought gifts for all kids as well as for some winners of the lucky draw. The German Chamber would like to thank all supporters who made this special day happen and wishes everyone a Merry Christmas and a Happy New Year 2015!



## Upcoming Events:

28 January 2015, 7:00pm: Kammerstammtisch Tianjin, Drei Kronen 1308 Brauhaus Tianjin

03 February 2015, 6:30pm: New Year's Reception, St. Regis Tianjin

Room 1502, Global Center, No. 309 Nanjing Road, Nankai District, Tianjin 300073 Tel / Fax: +86 22 8787 9249 [tianjin@bj.china.ahk.de](mailto:tianjin@bj.china.ahk.de)



## Christmas Tree Lighting Ceremony @ Crowne Plaza Tianjin Meijiangnan

Crowne Plaza Tianjin Meijiangnan held its first Christmas Tree Lighting Ceremony on 6 November 2014, and also invited IHG BRC guests and Tianjin & Beijing media to celebrate this special event. A Christmas tree decorated with blue and silver was raised at the hotel lobby, coupled with the fantastic outdoor lake view. The hotel provided guests with an assortment of warm beverages and special cocktails. The Christmas season came with a visit from Santa Claus, and the guests' were overjoyed upon receiving hotel gifts. Hotel General Manager Mr. Uwe Lukas and guests gathered for the count down of the lighting of the Christmas tree, and invited guests to enjoy a buffet dinner at The Lakeview restaurant.



## Shangri-la Hotel, Tianjin Presents Christmas Candy Land



This holiday season will see the transformation of Shangri-La Hotel, Tianjin into a candy paradise with a 7.5-metre-tall Christmas tree in the expansive lobby decked in mints, candy canes, chocolates and bonbons of all colours and sizes.

Preparations for Christmas Candy Land began on 22 November 2014 with over 50 colleagues putting together the festive look for the hotel. From the driveway, guests were treated to an enchanted scene of reindeer and fairies, and 106 trees on the hotel premises were dressed in 530 strands of LED fairy lights.

The hotel presents Tianjin's very own version of 'Charlie and the Chocolate Factory'. Guests will be greeted by the delicious smell of homemade pastries the moment they enter the lobby, marking the hotel's first Christmas Lighting Celebration, graced by the Cathay Future Global Language Village Choir consisting of 23 students aged 5 to 7 years old.

From 27 November 2014 to 5 January 2015, timeless Christmas classics will be on sale at the Candy House, measuring 4 x 3 x 4 metres and filled with 515 kg's of candy within the acrylic walls. Stollen Bread, Homemade Cookies, Brie Cheese and imported premium wines packaged in hampers will be available for sale for 688 CNY and 888 CNY.

## The Heart and Art of Christmas

Renaissance Tianjin Lakeview Hotel held their Christmas Tree Lighting Ceremony on 4 December 2014, and more than 300 guests and media friends attended.

The event started with a brass ensemble performance from Tianjin International School, and Mr. Steven Yau, the General Manager of Renaissance Tianjin Lakeview Hotel, gave everyone welcome greetings. In addition to one of the tallest Christmas trees in Tianjin, everyone heard the angelic voices of the lovely choir and the beautiful sound of the brass band from Tianjin International School, filling the air with joy and a festive spirit.

In partnership with Jianhua Charity Foundation, 18 paintings were sold and the money was donated to a fund that helps improve the life and welfare of children in need. The evening completed with a lucky draw. The grand prize of the night was a trip to Seoul with complimentary stays at the Marriott Hotel. A specially made Christmas gift from the hotel was prepared for everyone present and we wish everyone a very Merry Christmas and Happy New Year!



## The Westin Tianjin Holds the Annual Tree Lighting Ceremony

On 27 November 2014, The Westin Tianjin held their Annual Tree Lighting Ceremony. Everyone at the hotel was surrounded by the Christmas atmosphere, and the 8-metre Christmas tree in the lobby was decorated with many wishes.

At 7 pm, the ceremony started and General Manager, Mr. Lee Kanbur, gave a speech: "We welcome everyone to come over to The Westin Tianjin to join our Festive Season Launch Party. Thank you for supporting us as usual in the year 2014, and wish you all have a pleasant night." Children from Hopeland International Kindergarten performed a song called "The Talented Garden". This performance was followed by a drive to raise funds for disadvantaged children, and you can have your own Wish Ball by making a donation to disadvantaged children. Children from the Tianjin Children Farewell Association gave guests a special song which was performed by sign language, and Christmas dancing from Hopeland International Kindergarten pushed the night to a new high.

After the dancing performance, both the faculties and the students of Wellington College International Tianjin sang a Christmas Mix. Then suddenly, the Blue Westin Christmas Tree was lit up after a series of the heated drums. The launch party ended with "Jingle Bell Rock", announcing the official arrival of the Christmas Season!



## Charity Christmas Tree Lighting Ceremony @ The Astor Hotel, A Luxury Collection, Tianjin

With fantastic Christmas songs from the IST choir & orchestra, General Manager Mr. Lee Kanbur kicked off the 2014 Christmas lighting ceremony. There were more than 150 guests representing the hotel's business partners, in house guests, media, volunteers, etc. In addition, students & teachers from IST joined the event, and there were five children from families in need invited by the hotel to participate as well. Human resources organized a charity bazaar to collect money to make their wishes come true. Excom members presented books, winter clothes, stationary and cooking oil as festive gifts for these special guests.

The Astor Hotel, Tianjin was founded in 1863 by British missionary John Innocent, as the first international hotel in China. It has a long tradition of celebrating Christmas, and guests can view Christmas menus from 1932-1936 at the Astor Museum. Now, with more than 150 years of heritage, guests and hotel staff lit the Christmas tree and enjoyed the beginning of a great festival atmosphere at The Astor Hotel, Tianjin.

After the lighting ceremony, local media guests experienced an epicurean journey from Shui An, 1863 Bistro & Terrace to O'Hara's.



## The Ritz-Carlton, Tianjin Celebrates Christmas Season and Holds Charity Activity for Autistic Children

The Ritz-Carlton, Tianjin, inaugurated the festival season with their Christmas Tree Lighting Ceremony on 29 November 2014, marking the beginning of the Christmas and New Year Celebration.

Executive Chef Ornato and Pastry Chef Patrick built a one-meter-high ginger house exhibited in the lobby, and many guests created memories by taking pictures with the house

With sounds and music courtesy of the International School of Tianjin, and special refreshments of hot chocolate, and holiday desserts, all guests enjoyed a warm night at The Ritz-Carlton, Tianjin.



Christmas is about giving and sharing. The wellbeing of children is one of the values for Community Footprints, a partner of the Ritz-Carlton, Tianjin.

This Christmas season, The Ritz-Carlton, Tianjin invites all guests to join in and help those children suffering from autism to make their dreams come true.

88 wishes of the kids from Tongzhizhou and Jinjiaoyang Autism Center were collected and hung on the Christmas Tree located in the hotel lobby. By picking up a wish ball from the tree and buying presents as per their wishes or through donating 100 CNY, dreams of these children will come true this Christmas.



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**SERVICES**



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**A:** No. 167 Dagubei Road, Heping District, Tianjin  
**T:** +86 22 5857 8888  
 天津丽思卡尔顿酒店  
 和平区大沽北路167号



**Tangla Hotel Tianjin**  
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**T:** +86 22 2321 5888  
 天津唐拉雅秀酒店  
 和平区南京路219号



**Crowne Plaza Tianjin Meijiangan Hotel**  
**A:** East to south Youyi Road (opposite to Tianjin Meijiang Conference & Exhibition Center), Xiqing District  
**T:** +86 22 5857 6666  
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**Yi Boutique Luxury Hotel Tianjin**  
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**Sheraton Tianjin Hotel**  
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**T:** +86 22 2731 3388  
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**The St. Regis Tianjin**  
**A:** No. 158, Zhangzizhong Road Heping District  
**T:** +86 22 5830 9999  
 天津瑞吉金融街酒店  
 和平区张自忠路158号(津塔旁, 哈密道正对面)



**The Astor Hotel, A Luxury Collection Hotel, Tianjin**  
**A:** No. 33, Tai'er Zhuang Lu, Heping District  
**T:** +86 22 2331 1688  
 天津利顺德大饭店豪华精选酒店  
 和平区台儿庄路33号



**The Westin Tianjin**  
**A:** 101 Nanjing Road, Heping District  
**T:** +86 22 2389 0088  
**W:** westin.com/tianjin  
 天津君隆威斯汀酒店  
 和平区南京路101号

**Radisson Blu Plaza Hotel Tianjin**  
**A:** No. 66, Xinkai Lu, Hedong District  
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 天津天诚丽笙世嘉酒店  
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**Wanda Vista Tianjin**  
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**T:** +86 22 2462 6888  
**F:** +86 22 2462 7000  
 天津万达文华酒店  
 中国天津市河东区大直沽八号路486号



**The Lakeview, Tianjin-Marriott Executive Apartments**  
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**T:** +86 22 8319 2233  
**W:** [joneslanglasalle.com.cn](http://joneslanglasalle.com.cn)  
 仲量联行天津分公司  
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 和平区大沽北路2号天津环球金融中心津塔写字楼41层



**Regus Tianjin Centre**  
**A:** 8<sup>th</sup> Tianjin Centre, No.219 Nanjing Road, Heping District  
**T:** +86 22 2317 0333  
**Regus Golden Valley Centre**  
**A:** 11<sup>th</sup> Floor, Block One, Golden Valley Centre, Heping District  
**T:** +86 22 5890 5188  
**W:** [www.regus.cn](http://www.regus.cn)  
 雷格斯天津中心  
 和平区南京路219号天津中心8层  
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 荣联国际安居服务公司  
 天津市南开区时代奥城酒店公寓19号楼301室

**Associations**

**TICC (Tianjin International Community Centre)** Association and meeting place for foreign passport holders and their families in Tianjin. Organises monthly coffee mornings, luncheons and social/fundraising events, supporting local charities.  
**E:** [ticc\\_09@hotmail.com](mailto:ticc_09@hotmail.com)  
**W:** [tianjin.weebly.com](http://tianjin.weebly.com)

**Travel Agencies**



Tianjin's travel agency specialising in tourism for foreigners  
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**HEALTH**



**Tianjin United Family Hospital**  
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**T:** +86 22 5856 8555  
**W:** [uft.com.cn](http://uft.com.cn)  
 天津和睦家医院  
 河西区潭江道天潇园22号

**Arrail Dental Tianjin International Building Clinic**  
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**T:** +86 22 2331 1688 ext. 8876  
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 海河翼, 和平区台儿庄路33号天津利顺德大饭店豪华精选酒店三层

**Powerhouse Gym**  
**A:** Binjiang Shopping Center, Kaifeng Dao, Xiao Bai Lou (1902 Street) Hexi District  
**T:** +86 22 2302 2008  
 宝力豪健身俱乐部  
 河西区小白楼滨江购物中心

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**Salsa Churrasco**  
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**T:** +86 22 6628 3388 ext. 2740  
 巴西烧烤餐厅  
 开发区第一大街86号天津滨海假日酒店11层

**Chinese**

**Wan Li Chinese Restaurant**  
**A:** 2F, Renaissance Tianjin TEDA Hotel & Convention Centre No. 29, 2nd Avenue, TEDA  
**T:** +86 22 6621 8888 ext. 6750  
 万丽轩中餐厅  
 开发区第二大街29号天津万丽泰达酒店及会议中心2层

**Yue Chinese Restaurant**  
**A:** 2F, Sheraton Tianjin Binhai Hotel No. 50, 2nd Avenue, TEDA  
**T:** +86 22 6528 8888 ext. 6220/6222  
 采悦轩中餐厅  
 开发区第二大街50号天津滨海喜来登酒店2层

**Japanese**

**Sake n Sushi Bar**  
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**T:** +86 22 6628 3388 ext. 2730  
 寿司吧  
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**Italian**



**Bene Italian Kitchen**  
**A:** 2F, Sheraton Tianjin Binhai Hotel No. 50, 2nd Avenue, TEDA  
**T:** +86 22 6528 8888 ext. 6230/6232  
 班妮意大利餐厅  
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**Brasserie Restaurant**  
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**Feast All Day Dining Restaurant**  
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**Spas**

**Touch Spa**  
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**T:** +86 22 6570 9504  
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**Yue Spa**  
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**T:** +86 22 6628 3388  
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**Hospitals**



**Tianjin TEDA International SOS Clinic**  
**A:** 102-C2 MSD, No.79 1st Avenue, TEDA, Tianjin  
**T:** +86 22 6537 7616  
 国际SOS天津泰达诊所  
 天津经济技术开发区第一大街79号泰达MSD-C区2座102室

**Gyms**

**Eco-City International Country Club**  
**A:** No. 5681, Zhongxin Road, South Ying-Cheng Island, Tianjin  
**T:** +86 22 6720 1818  
 生态城国际乡村俱乐部  
 天津生态城中新大道5681号(营城湖南岛)

**Holiday Inn Binhai Hotel Fitness Center**  
**A:** 15F, Holiday Inn Binhai Tianjin No. 86, 1st Avenue, TEDA  
**T:** +86 22 6628 3388 ext. 2960  
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**TJ ~ BJS (¥55 - ¥66)**

Train	Tianjin	Beijing
C2002	06:25	06:55
C2094	22:45	23:15

**BJS ~ TJ (¥55 - ¥66)**

Train	Beijing	Tianjin
C2001	06:35	07:05
C2093	23:00	23:30

**TG ~ BJS (¥66 - ¥80)**

Train	Tanggu	Beijing
C2274	12:40	13:10
C2280	20:25	20:55

**BJS ~ TG (¥66 - ¥80)**

Train	Beijing	Tanggu
C2273	10:45	11:15
C2279	18:50	19:20

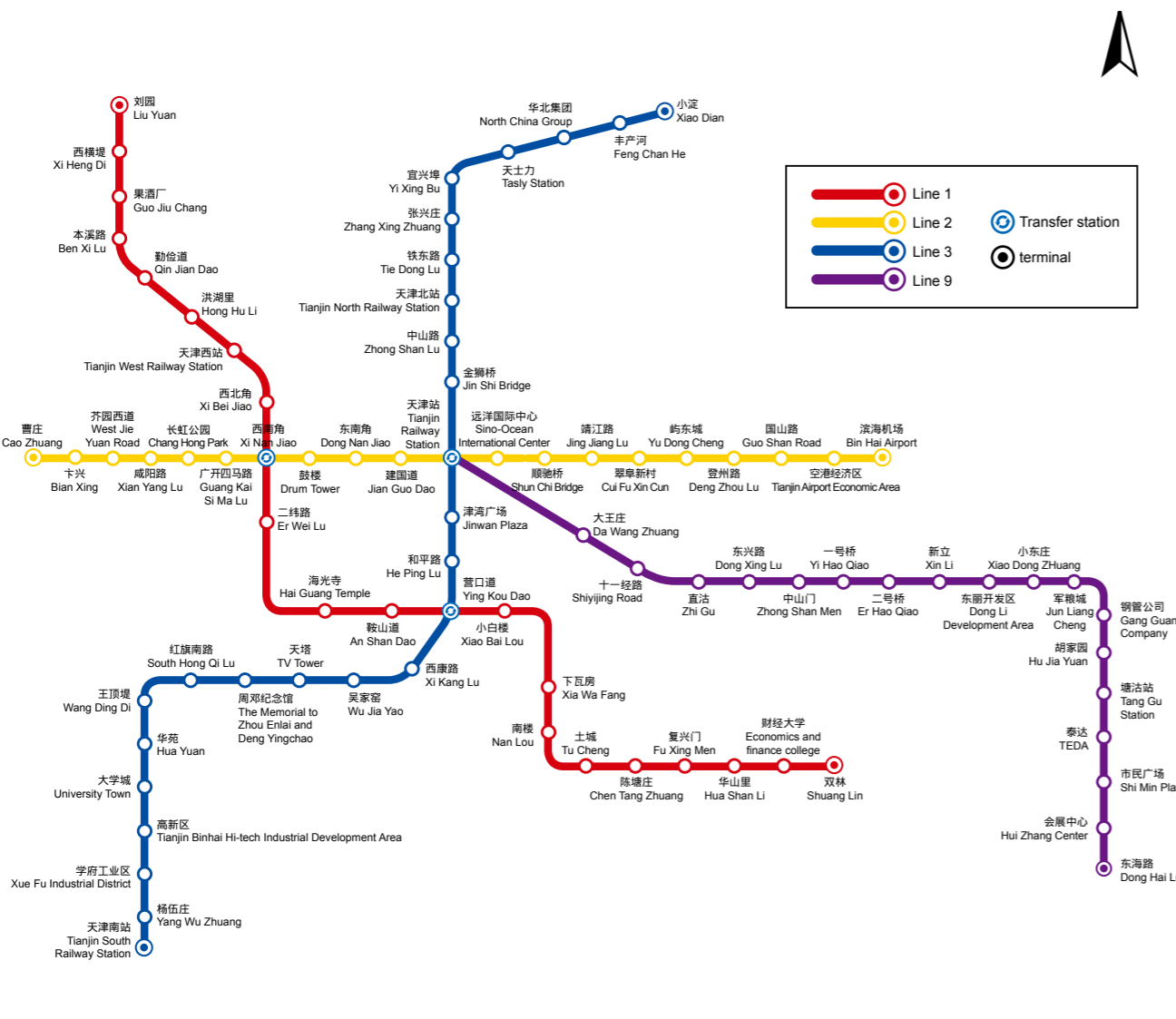
**Wuqing ~ BJS (¥39 - ¥46)**

Train	Wuqing	Beijing
C2202	06:53	07:18
C2232	20:43	21:08

**BJS ~ Wuqing (¥39 - ¥46)**

Train	Beijing	Wuqing
C2201	06:45	07:07
C2231	21:15	21:37

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# Tianjin economic logical forum

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By Priscilla Nolet

## Book

### L'Âme du monde, by Frédéric Lenoir

What kind of mysterious force made eight wise people including a Tibetan Llama, an American Christian monk, a mystic Native American, an Israeli Kabbalist, a Dutch philosopher, an African Tribe Master, a shaman from Mongolia, and a Chinese Taoist Master, to all gather in Toulanka, a lost monastery of Tibet?

They sense the imminence of a global cataclysm, and want to pass down the fundamental keys of wisdom to two young teenagers named Tenzin and Natina.

Beyond the cultural and historical divergences of their respective traditions, their philosophical and spiritual message answers the crucial questions that every human being is wondering: Why am I on Earth? How can I succeed professionally and be happy? How to face our fears and reach love?

Far away from dogmatic beliefs, these eight people tend to open the simple and concrete way of a spiritual humanism which helps to live and guide everyone in the right way.

Frédéric Lenoir is a philosopher, a sociologist and a historian of religions. This French writer is the author of nearly forty books, many of which have been translated into about twenty different languages.

FRÉDÉRIC  
LENOIR

L'Âme  
du monde



FLAHE

## Music

### AC/DC: New album of 2014 *Rock or Bust!*

To celebrate 40 years of an amazing career, the members of the hard rock band AC/DC think big! The recording of a new album began in the spring of 2014 and it is the 16th recording album of the Australian band, coming after *Black Ice* in 2008. The eagerly awaited new album is entitled *Rock or Bust* and was released on 1 December 2014.

To produce its new album, the hard rock band gathered in May 2014 in the Warehouse Studio of Vancouver, Canada, along with producer Brendan O'Brien. Interviewed on the radio in July, lead singer Brian Johnson confirmed that the album was finished and at the time hinted that the album might be entitled *Man Down*, in reference to guitarist Malcolm Young who unfortunately could not be able to participate to the recording of the album due to health problems.

*Rock or Bust* includes 11 new songs, with the song "Play Ball" revealed on American TV on 27 September 2014.

Eager to properly celebrate their 40 years, the Australians also plan a special international tour including 40 dates in 2015. Now, it is time for you to open your ears and enjoy the incredible sounds of one of the most famous rock bands ever, AC/DC!



## Movie

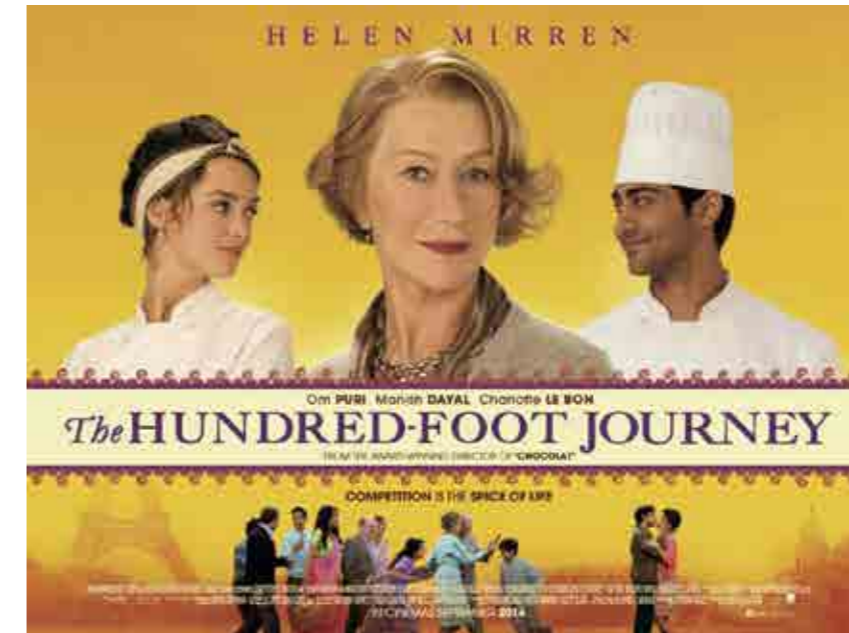
### The Hundred-Foot Journey by Lasse Hallström

Comedy | Drama

Starring Helen Mirren and Om Puri, directed by Lasse Hallstrom, and produced by Oprah Winfrey, Steven Spielberg, Juliet Blake, DreamWorks Studios, and Participant Media. Adapted from Richard Morais's 2010 novel, "The Hundred-Foot Journey" is about Hassan Kadam (Manish Dayal) a culinary ingénue with the gastronomic equivalent of perfect pitch, with the Kadam family, led by Papa (Om Puri), settles in the quaint village of Saint-Antonin-Noble-Val in the south of France.

[www.100footjourney.com](http://www.100footjourney.com)

Born above his grandfather's modest restaurant in Mumbai, Hassan first experienced life through intoxicating whiffs of spicy fish curry, trips to the local markets, and gourmet outings with his mother. But when tragedy pushes the family out of India, they console themselves by eating their way around the world, eventually settling in a small village in the French Alps. Kadam is in direct competition with the snobbish Madame Mallory's acclaimed haute cuisine establishment



across the street where Marguerite also works as a sous-chef. The resulting rivalry eventually escalates in personal intensity until it goes too far. In response, there is a bridging of sides initiated by Hassan, Marguerite and Madame Mallory herself, both professional and personal, that encourages an understanding that will change both sides forever.

It is about how the hundred-foot distance between a new Indian kitchen and a traditional French one can represent the gulf between different cultures and desires. A testament to the inevitability of destiny, this is a fable for the ages; charming, endearing, and compulsively readable.

[Amazon.com](http://Amazon.com)

## Quote of the Month

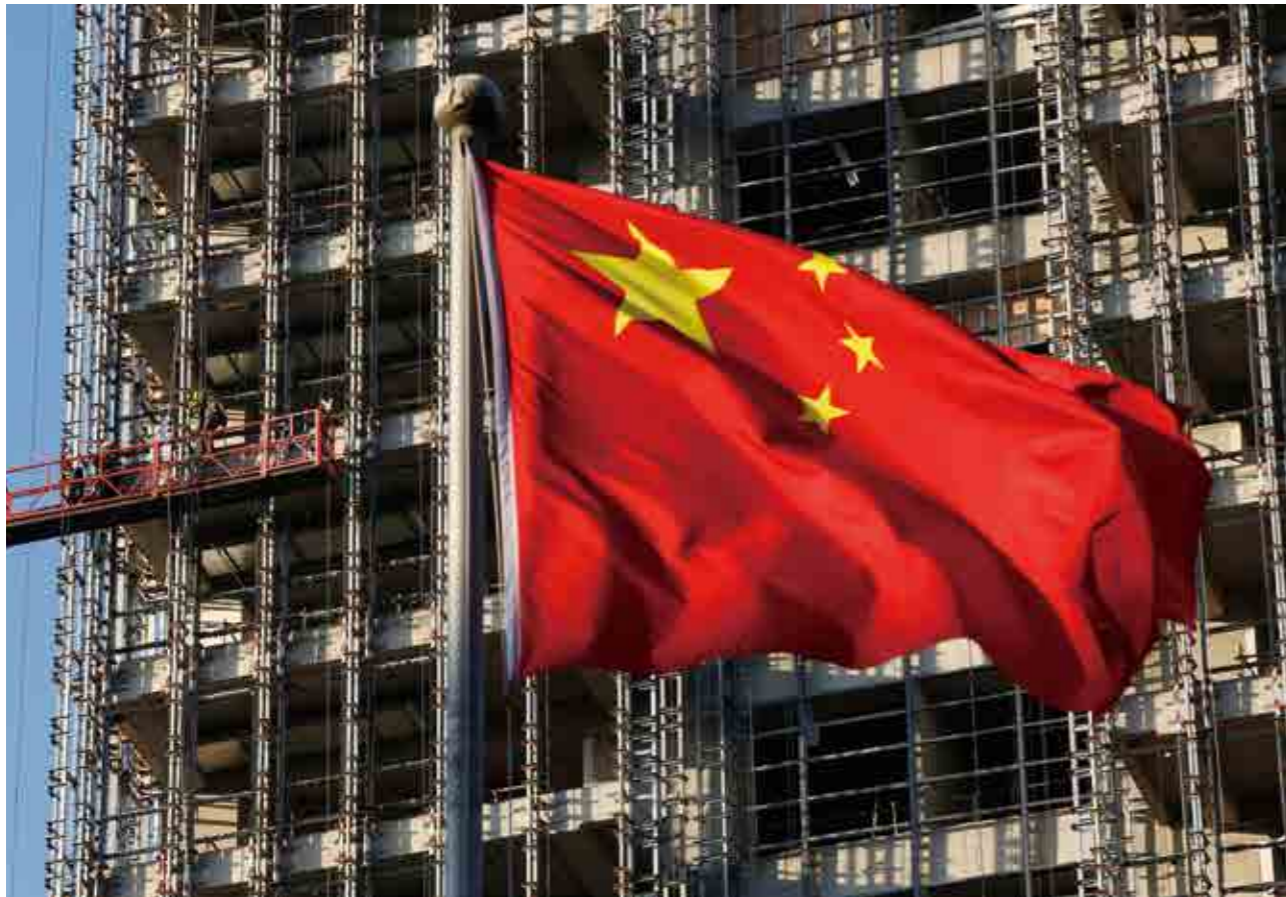
**"A generous heart, kind speech, and a life of service and compassion are the things which renew humanity."**

- Gautama Buddha



# What Happened to the Hard Landing?

By Michael Dow



China is heading towards an economic, political and social meltdown at “some time within the next six months”, author Gordon Chang wholeheartedly reiterated in June 2013. This timeframe has long passed and alas, China’s economy and political system still haven’t collapsed. There were a number of worrying trends emerging within the Chinese economy last year that gave us food for thought and even the most intelligent economists in the world make predictions that don’t come true. Even more embarrassingly for Mr Chang, this

isn’t his first doomsday prophecy that didn’t come true. The lawyer-turned television pundit began his career as a tout for China’s upcoming socioeconomic Armageddon when he released his now prolific book *The Coming Collapse of China* in 2001. In his defining work he famously made the prediction that “The end of the modern Chinese state is near. The People’s Republic has five years, perhaps ten, before it falls”. Despite the fact that China has gone from strength to strength since then, Chang continues to assert that the Chinese economy and the country’s

government will disintegrate “any time now”

Since its publication thirteen years ago, *The Coming Collapse of China* has been pretty well received and its author is still being invited to make special guest appearances as a leading ‘China expert’ on primetime news shows, televised debates and all kinds of media platforms. Not only has this doom-mongering undoubtedly made Gordon Chang a handsome living and tremendous amount of notoriety, it has also paved the way for other financial commentators and writers who have jumped on the China

collapse bandwagon. This group of prolific pessimists includes respected economic thinkers like James Chanos, Harry Dent and Marc Faber. Like Chang, these commentators largely base their arguments on the unstable nature of China’s economic and financial systems. They assert that huge underlying problems in the property markets, bad loans, cheap credit and a badly managed financial system are leading to a multiplicity of dangerous bubbles that will burst dramatically in the near future.

In terms of making outlandish doomsday predictions that haven’t materialized, Gordon Chang could give Nostradamus and the person who wrote the infamous apocalyptic Mayan Calendar a good run for their money. There is certainly some merit to the arguments that Chinese real estate is overvalued and that the credit situation needs to be brought under control, but the transition from a flawed economy in need of correction to a complete meltdown of the entire system is not very likely

to play out any time soon. It’s not that these bubbles won’t burst, they most certainly will. Mainland Chinese stocks have, for the most part, stayed in bear market territory since the big correction in early 2013. In 2014 we’ve also seen a slowdown in GDP growth, a significant depreciation of the renminbi, a tightening of credit and a cooling off in China’s gravity-

**Unlike many of their Western counterparts they do seem to know a dangerous asset bubble when they see one.**

defying property markets. This would all seem to paint a very bleak picture of China’s future economic prospects, unless, of course, it was all actually part of a deliberate plan by the central government to make China’s

economic growth more balanced and sustainable.

When people talk about economic collapses, wars, energy crises, hyperinflation and many other catastrophic events, they often fall into the trap of assuming that these disasters are inevitable and that we’re powerless to do anything about them. One of big advantages Chinese policymakers have is that they can learn from the mistakes that were made by Western governments and central bankers before and after the financial crisis of 2007-08. We now know that reckless policy mistakes made by the George W. Bush administration and the Federal Reserve allowed bad lending practices in the U.S. subprime mortgage sector to derail the entire global economy. It is also clear from the examples of Greece, Ireland, Portugal and a number of other European countries that high levels of public debt can be devastating. Although China’s policymakers are not infallible and omniscient paragons of divine





competence, unlike many of their Western counterparts they do seem to know a dangerous asset bubble when they see one. Therefore, if property prices, bad debts or any other kind of financial problem was threatening to destroy the country's entire economic and political system, it is very hard to see how any rationally-minded person could envisage them standing back and doing nothing about it.

Indeed this is exactly the opposite of what is happening today. As the former Chairman of Morgan Stanley Asia, Stephen Roach has pointed out, "China has had its fair share of bubbles over the years and they are in the process of popping this one right now through very aggressive measures". Last year we saw a slowdown in real estate prices throughout China, which indicates that the new legislation is producing the intended consequences. Going forward we are also likely to see a more stable environment amongst many other asset classes. Although

the bubbles have been good for some Chinese people, a few corrections here and there wouldn't be a bad thing for the long term stability of the economy and therefore a steadier appreciation of assets should be in their best interests.

A consequence of this deliberate slowdown has been a slowing of annual GDP growth. It never ceases to amaze me when people say things along the lines of "the Chinese economy is only going to grow at 7.5% this year, and they might only see 7% growth in 2015". Given that Western economies are battling severe debt problems, incredibly high levels of youth unemployment and are finding it difficult to achieve 2% consistent GDP growth per year, the media hysteria over the Chinese economy only growing by 7.5% in 2014 is beyond ridiculous. Sure, the current figures are a far cry from the double digit growth China experienced at the start of the century, but it is still a phenomenal increase in wealth and

prosperity that is unimaginable for people in Europe or North America.

If China's GDP growth slows down to 5 or 6% in the coming years, as most economists predict, then this will no doubt add some much needed fuel to the hard landing thesis. However, we have to remember that if Chinese policymakers are going to address the inequalities and imbalances in society, then they need to focus more on the quality of growth, as opposed to the quantity. At the end of the day, if China's GDP only grows by 5% per year, but that growth is more sustainable, eco-friendly and evenly distributed then it would be far better for the Chinese people and the global economy as a whole. **B**

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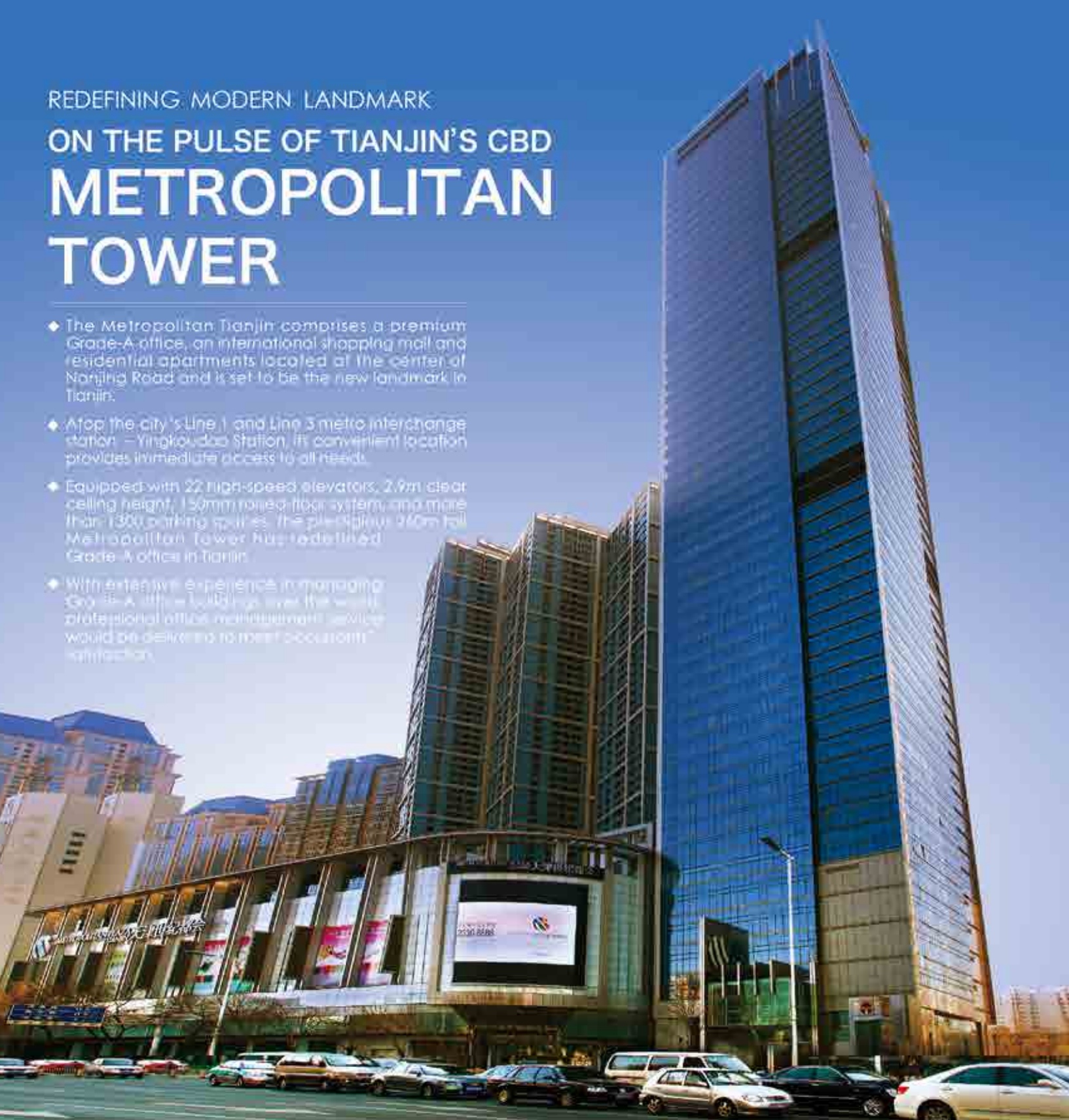
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