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Trinity Western University and Tianjin University of Finance & Economics Sign New Agreement to Continue Prestigious Joint MBA Program

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ISSN 2076-3735



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Dear readers!

The time of ice-cold drinks, warmth and even autumn breezes is officially over, and we are slowly entering the cold season in Tianjin. Don't let the windy weather bring you down and put on an additional sweater.

This October brought us many great events. It started with the beloved week of National Day holidays. We have all enjoyed or tried to enjoy traditional mooncakes, free time and decent weather. The Tianjin community also joined WTA tennis players at the Tianjin Open. It proved to be a wonderful and well-managed tournament that drew great support. It was yet another example of how Tianjin is growing as an international destination. Business Tianjin congratulates Agnieszka Radwanska, Zheng Sai Sai and Xu Yi-Fan on their victories and wishes them further success in the future!

This month we continued to observe the economic and business sphere in Tianjin and China. We talk about "The Slow Down" and our economy experts report on some interesting new changes in the market. Business Tianjin also held a dialogue with Manuel Torres, who answered our questions about Garrigues China and the legal services it provides and our PR section details intellectual property rights in fashion matters. All this, and much more, you can find inside, right after you turn the page.

Wishing you a great November! For more information, we welcome you to visit our website: www.businesstianjin.com

Yours sincerely
Mary Smith

Managing Editor | Business Tianjin Magazine
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JimO is a well-seasoned chef, having worked in the culinary industry for over a decade. Beginning his long-standing career from scratch and working his way up to master the art of gastronomy, JimO has worked in a number of flagship hotels in cities all over China, including Chongqing's Westin China Hotel. Adding to his long, ever-growing list, The St. Regis Hotel Tianjin is now the fourteenth hotel he has worked for, bringing to Tianjin a wealth of experience, energy and passion for contemporary Asian cuisine.

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◀ Meet China's Leading Multinational Law Firm Dialogue with Manuel Torres, Garrigues

When it comes to practicing corporate law in the Middle Kingdom, no organisation has had as much experience or enjoys as much of a superlative reputation as Garrigues. The world renowned Spanish conglomerate, which is currently headquartered in Shanghai but serves the entire China-based business community, has operated in the country for over two decades. To say this firm knows the Chinese legal system inside out is an understatement. See P20



▲ Trinity Western University and Tianjin University of Finance & Economics Sign New Agreement to Continue Prestigious Joint MBA Program

Just before the 2013 academic year got underway Business Tianjin reported on an exciting new joint venture between two elite educational institutions on opposite sides of the Pacific Ocean. Given the high level of business expertise within both the Trinity Western University and the Tianjin University of Finance & Economics teams, it was inevitable that the Great Wall MBA program would be a success. After two years of working together, these two world-class universities have renewed their agreement to run this outstanding course, meaning that the city's aspiring business leaders will continue to have access to this outstanding opportunity.

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TIANJIN NEWS

Juilliard School's Tianjin Campus to Open in 2018



New York's renowned Juilliard School will launch its first overseas campus to offer graduate courses in music in the northern Chinese municipality of Tianjin by 2018. Sources with the administrative commission of Tianjin Binhai New District said that the Juilliard School's Tianjin branch will be established in Yujiapu Financial District. Approved by the Chinese Ministry of Education, the school's branch in Tianjin will collaborate with the Tianjin Conservatory of Music as well as the Tianjin Innovative Finance Investment Co. Ltd. and the Tianjin Municipal Education Commission to offer graduate courses in music.

Princess Cruises Enters North China Market Using Tianjin as Home Port



Global cruise operator Carnival Plc announced the inaugural season of its Sapphire Princess under the Princess Cruises brand from its new home port of North China's Tianjin Municipality. This marked the first time Princess Cruises has offered home port cruises out of the northern part of China. According to the company, the Sapphire Princess, which can accommodate up to 2,670 guests, will take guests on five voyages to destinations in northern Asia such as South Korea and Japan.

Beijing, Tianjin, and Hebei Expand Tourism Cooperation



The Beijing-Tianjin-Hebei integrated card, an innovative product integrating banking and tourism, will now include 200 attractions, according to the China Tourism Exposition in Tianjin.

With the card in hand, tourists may visit tourist attractions, ride public transportation, drive on electronic toll collection (ETC) lanes, and pay for catering or entertainment at discounted prices. Tourism cooperation between Beijing, Tianjin, and Hebei is growing closer and the regional tourism market has huge potential. The three places together welcomed a total of 723 million domestic visitors in 2014, more than 20 percent of the national total.

New lifestyle in Tianjin Eco-city



Tianjin's Eco-city, once nothing more than a salt marsh and sewage treatment area, is now home to more than 20,000 residents, thanks to strategic cooperation with Singapore that began in 2008. In Singapore this month, Chinese Vice Premier Zhang Gaoli and Singapore Deputy Prime Minister Teo Chee Hean co-chaired the 12th meeting of China-Singapore Joint Council for Bilateral Cooperation, along with meetings to discuss the progress of Tianjin Ecocity and Suzhou Industrial Park, both important bilateral projects. Eco-city hosts more than 2,300 enterprises worth over 100 billion CNY (15.8 billion USD), dominated by hi-tech and creative enterprises such as animation.

23 new intercity rail lines planned in Beijing-Tianjin-Hebei



To boost more coordinated development of the Beijing-Tianjin-Hebei region, 23 new intercity rail lines will be built by the end of 2030, according to the company that will make the investment. The planned lines will form a network whereby travel time between major cities in the region will be one to two hours and that between cities and their surrounding towns will be half an hour to an hour. The network consists of three main lines connecting Beijing with Tianjin, Shijiazhuang, capital city of Hebei, and Qinhuangdao, a beach resort and port city in Hebei.

Tianjin Airport to Add Off-Site Check-In Stations



Tianjin Airport will build another six off-site departure stations by the end of this year in Tianjin, Beijing and Hebei province, as well as one in Dezhou, Shandong province, a city included in the Beijing-Tianjin-Hebei integration blueprint, local authorities said. The new facilities will increase the total number of off-site departure stations or lounges of Tianjin Airport to 20. Passengers can check in at these lounges instead going through the check-in procedure at the airport, which is usually more crowded.

FINANCE

Free Trade Agreements Moves to Gain Momentum



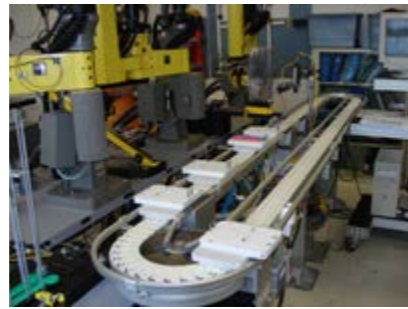
China will step up efforts to forge more bilateral and multilateral free trade agreements in the Asia-Pacific region to reduce the impact of the Trans-Pacific Partnership pact. The TPP will include provisions on eliminating and reducing tariffs and non-tariff barriers on industrial goods among member countries, as well as removing or reducing tariffs and other restrictive policies on agricultural goods. The United States' government considers the TPP as a practical measure that could expand the country's influence in the fast-growing Asia-Pacific region. Apart from the US, the TPP talks involve Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam.

China Auto Sales in First Rise for Six Months



Auto sales in China edged up in September from a year ago, snapping a five-month falling streak in the world's largest car market. Vehicle sales in the country began dropping in April as the world's second-largest economy lost steam and consumer income growth slowed, battering demand for new cars. But a total of 2.02 million cars were sold in September, up 2.08 percent from a year ago, the China Association of Automobile Manufacturers said in a statement.

FDI continues flowing into Tech and Manufacturing



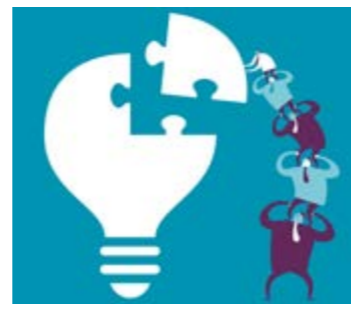
Foreigners have continued to invest in China in the first three quarters of the year, most noticeably in technology-based services and manufacturing. Despite a decline in investor interest in the traditional manufacturing sector, the Ministry of Commerce reported a year-on-year increase of 19.2 percent in the service industry to just under 58 billion USD, accounting for more than 60 percent of China's inflow of foreign direct investment in the first three quarters. High-tech manufacturing FDI rose 10.4 percent to 7 billion USD. Electronic components, integrated circuits, communication equipment and aerospace equipment manufacturing continued to shine. FDI into communication equipment manufacturing rose by about 171.7 percent.

China Stocks Rally on Stimulus Speculation



China's stocks rallied to the highest level in seven weeks and turnover jumped amid speculation the government will take more steps to bolster economic growth. The Shanghai Composite Index climbed 3.3 percent to 3287.66 at the close, with trading volumes jumping to a one-month high. The stocks gauge has advanced 7.7 percent since financial markets resumed trading after a week-long holiday. Hundsun Technologies and Shenzhen Zhongjin Lingnan Nonfemet surged 10 percent to lead gains for technology and material shares.

Brands, Innovation to Salvage China's Trade



Exporters at the ongoing Canton Fair say they need to build strong brands and invest in innovation to survive the current trade gloom. The Canton Fair, or 118th China Import and Export Fair, opened in Guangzhou, with fewer international buyers, suggesting tough trade prospects. Its 117th session, held in April and May, was attended by 184,801 buyers, down 0.7 percent from the 116th session. The transaction volume was 172 billion CNY, slightly lower than the previous session.

LAW & POLICY

China Unveils Timetable for Pricing Reform



China will lift price controls over basically all goods and services in competitive sectors by 2017, according to guidelines released by the State Council. By then, government-set prices will only exist for key utility services, public-good programs and network industries featuring natural monopolies, such as electricity and water supply. By 2020, China should have a sound pricing mechanism in which the market plays a decisive role, rational and transparent pricing regulations and a well-enforced anti-monopoly law. Pricing reform has moved swiftly in recent years, with price controls over medicine, telecommunications and transportation relaxed.

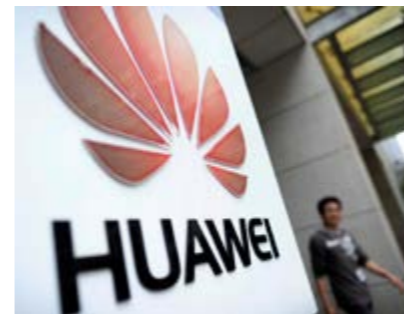
Draft Rule Takes Aim at Online Car-Booking Services



A draft regulation has been drawn up to ban the use of private cars in online car-booking services, striking a potential blow to market leader Didi Kuaidi and United States-based Uber Technologies Inc. Under the draft rule, published by the Ministry of Transport, drivers of unlicensed vehicles are barred from offering rides for payment through car-hailing platforms.

TELECOM

Huawei Joins Hands with Google to Step into US Cellphone Market



Google introduced two new flagship smartphones -- Nexus 6P and Nexus 5X - along with availability details about the newest version of Android, codenamed Marshmallow, in San Francisco. Chinese tech giant Huawei has joined the group of Google's Nexus manufacturers with the Nexus 6P. The company is the world's third-largest smartphone-maker by units shipped, according to US research firm IDC.

China United Telecom and South Korean Counterpart Ink Deal



China United Telecommunications Corp, the second largest telecom carrier in China, joined hands with its South Korean counterpart. The Beijing-based company inked a deal with SK Telecom Co Ltd, the largest wireless carrier in South Korea, to jointly develop fifth generation communication technologies. The deal is expected to deepen the ties of the two carrier giants and help them make more progress in developing mobile-based services.

Swatch Beats Apple to the Punch in Mobile Payments for China



Apple has made it known that China is considered to be a key market of theirs, which is why the Cupertino company has been focusing on trying to bring its products and services into the Chinese market as soon as possible. Now we had heard that the company was planning to bring Apple Pay to China via a partnership with UnionPay, but it looks like Swatch has beat them to it. Swatch, which is a company many of you guys might associate with watches, has recently announced a new watch called the Swatch Bellamy. This isn't a smartwatch, at least not by today's definition. It is a regular analog timepiece but it also comes with a built-in chip that allows customers to pay for products while shopping.

GENERAL

China Smoking Deaths Expected to Triple by 2050



Smoking deaths in China are expected to triple by 2050 and, during the 2010s, it is projected they will account for 20 percent of all male deaths in the country. The Lancet, a British medical journal, reported that non-communicable diseases are considered China's No. 1 health threat, and smoking tops the list as a significant problem, particularly for men. The annual number of deaths caused by tobacco in China is expected to rise from 1 million in 2010 to 3 million by 2050, unless measures are taken to reduce smoking.

China to Speed up Charging Network for Green Cars



China confirmed plans to speed up construction of a national network to charge electric cars so as to reach its goal of seeing five million electric cars hit the roads by 2020. China aims to equip at least one in ten public car park facilities for electric car charging. All newly built residential communities should be equipped with charging stations. There should be at least one charging station for every 2,000 electric cars. The State Council will soon issue guidance for the infrastructure roll-out, according to the "Opinions".

CHINA IN THE WORLD

Chinese Ship Makes Round Trip through Arctic in 55 Days



Chinese ship 'Yongsheng' reached the port of Tianjin after a 55-day round trip through the Arctic Ocean, an accomplishment that marks China's efforts to turn the region into a new trade route. Yongsheng left the Chinese port of Dalian on 8th of July, it reached the Swedish port of Varberg around the middle of August and returned to Tianjin, covering more than 37,000 km (around 23,000 miles). In 2013, the merchant ship became the first one from China to cross the Arctic and reach the Dutch city of Rotterdam, but this is the first time it has made a round trip.

China's First Nobel Laureate for Medicine, Tu Youyou



Tu Youyou, China's first Nobel laureate for medicine, described her discovery of the anti-malaria treatment artemisinin as Western medicine inspired by long-established knowledge from traditional Chinese medicine. Tu, 85, made the remarks at a forum in Beijing sponsored by the State Administration of Traditional Chinese Medicine that was attended by top Chinese experts both in TCM and Western medicine.

China & Thailand to Speed up Railway Cooperation



China and Thailand agreed to speed up cooperation on a joint railway project, in an effort to ensure an early start within the year. China hopes the two countries can ensure an early start for the project, said Chinese Premier Li Keqiang during a meeting with visiting Thai Foreign Minister Don Pramudwinai in Beijing.

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Mr. Martin Leclerc awarded China's Best Hotel Manager from 12th Golden-Pillow Award of China Hotels



The Evaluation Committee of Golden-Pillow Award of China Hotels announces that Martin L. Leclerc, General Manager of The St. Regis Tianjin is 2015 China's Best Hotel Manager, at the 12th Golden-Pillow Award of China Hotels ceremony in Shanghai recently. Holding Master's Degrees and a Canadian and European Citizenship, Mr. Martin L. Leclerc offers over 20 years' experience in management and strategic leadership roles for hotels and destination resorts. He has thorough knowledge of the international hotel industry with entrepreneurial and hands-on experience in conference, city Centre, airport, residences and resort hotel operations. Lifelong student and learner with great energy and passion for our industry, he is respected by his peers and his staff describes him as someone that cares and gets the best out of them.

The Golden-Pillow Award of China Hotels, co-founded by China's top financial publications, 21st Century Business Herald, and high-end magazine, Business Travel in 2014, is one of the most remarkable evaluation events of hotel industry in China, even in Asia.

The St. Regis Tianjin awarded THE BEST URBAN BUSINESS HOTEL from 2015 China Travel Award, Travel+

Travel+ magazine published its China Travel Award list, and The St. Regis Tianjin was awarded The Best Urban Business Hotel 2015. After received millions of online voting, professional judges' evaluation, editors' recommendation, Travel+ announced the winners of 2015 China Travel Awards in Shanghai recently. Mr. Martin Leclerc said: "We are so glad to receive this honor from Travel+. This is the first time we capture a trophy from Travel+ since we opened in 2011. The St. Regis Tianjin introduces visitors to a new level of bespoke service, luxury and amenities at the city's premier address in Tianjin. We will continue to deliver our discerning guests access to the distinguished St. Regis legacy with the highest expression of personalization, refined elegance and uncompromised guest experiences."



Monthly Economy Report

By Andrew Smith



This month it is nice to be reporting that although there are still plenty of very real signs of a big slowdown there seems to be some respite in certain key sectors of the economy. At the time of writing the Chinese investment community will definitely be breathing a pronounced sigh of relief. While the Shanghai Composite Index has taken a 23% tumble over the last six months, it has undergone a very mild but much welcomed recovery of almost 4% so far this month. Some commentators are simply seeing this as a sign that the recent crash has hit a temporary plateau. However, there have been reports that another wave of investor confidence is creeping back into the markets. The latest monthly survey by China Securities Investor Protection Funds (SIPF) climbed to 51.3 in September, up 24.2 percentage points from August, underscoring rising optimism among Chinese investors.

In this enlightening survey, 28.2 percent of respondents see the Shanghai Composite on an uptrend in the fourth quarter, while 38.9 percent expect the index to be flat over the final three months of 2015. That is compared to 20 percent of investors who predict further losses

in equities. Meanwhile, slightly more than half of the respondents polled by SIPF plan to maintain their stock fund allocations, while 12.3 percent of investors plan to increase their allocation to stocks. Could it be that the doom and gloom is finally over? Well, probably not. "Stocks are still stuck in a mean reversion process," according to Bank of

The Chinese investment community will definitely be breathing a pronounced sigh of relief at the moment.

Communications International's chief strategist Hao Hong, referring to a tendency of security prices to return to their averages. He added that, "in a slowing environment with no obvious inflation pressure, bonds are a more obvious choice than stocks. Demand for bonds will likely pick up in the fourth quarter due to still cautious market sentiment and the search for yields."

Part of the reason for this apparent return of confidence could be that the institutional investment community are betting on some further stimulus measures from the central government and/or the People's Bank of China (PBoC). Reporting in the South China Morning Post, Brendan Clift pointed out that, "hopes are high for more official measures to boost the country's economy after the Communist Party said it would be holding a key meeting from October 26 to 29 to map out the 13th five-year plan. The meeting comes as the nation's economic growth slows and speculation mounts over whether party elites will unveil new measures to boost growth or downgrade the official gross domestic product target, currently set at 7 per cent. A Politburo statement said the plenum would develop a strategy for building a well-off society and set the direction for the nation's socioeconomic development." It is still unclear at this point in time what further stimulus action would look like. If intrinsic weakness persists throughout the last quarter of 2015 then the likelihood is that we will see further cuts to the Reserve Requirement Ratio (RRR) before the end of the year. And while it is far less likely given the

current public debt situation, there is always a chance of the central government ramping up GDP growth by investing in huge infrastructure projects like it famously did in the years following the 2008 financial crisis. Either way, investors are seemingly ready to pounce.

In addition to the improved performance of the financial markets, certain industries that cater to the needs of China's growing pool of middle class consumers are still doing well. We recently learned that retail sales increased by about 10% in the three months leading up to August, showing that some consumers are still shrugging off macroeconomic circumstances. One such example of this is the sportswear market. According to Fortune's Michal Addady, "Nike, the country's most popular sportswear brand, saw sales increase by 30% to USD 886 million. The country's best-selling local brand, Anta Sports Product, had a sales growth of 24%, and a less prominent local brand, Xtep International, saw sales grow by 12%." The reason for this, he says, is that more sporting events are taking place in China and marketing campaigns aimed at tapping into the country's increased spending power are proving to be highly successful.

Start-up companies also seem to be doing well at the moment. Xin Guobin, Vice Minister of Industry and Information Technology told the press last month that thanks to the government's recent policies to boost entrepreneurship and innovation there are now around 10,000 start-ups a day popping up around the country. Lending to small companies, he suggested, is set to increase substantially over the course of this year. Many of these new firms are undoubtedly taking advantage of strong sectors like retail and the booming e-commerce market.

Unfortunately, although it was largely to be expected, the imports

and exports data has shown a further contraction. The official statistics for September showed a 20.4% drop in imports during September, while exports also plunged by around 3.7% from the previous year. Economists polled by Reuters had forecast imports to fall 15 percent, following a 13.8 percent slide in the previous month, and exports to decline 6.3 percent, after a 5.5 percent decline in August. "Given the slight recovery in commodity prices, the decline in imports suggests sluggish domestic demand – in particular, investment demand," said Yang Zhao, China economist at Nomura. The 20.4 percent drop in imports is the biggest monthly decline since February.

Not surprisingly the manufacturing sector also continued to contract. Although the Purchasing Managers' Index (PMI) rose to 49.8 in September compared to 49.7 in August, it still indicated shrinkage in overall output. Analysts are suggesting that this could weigh heavily on the GDP figures. "Two straight months of manufacturing sector contraction with a depressed equity market suggests China's third-quarter GDP growth is likely to have slowed to 6.4%," economists at ANZ said.

External factors are, of course, just as much of a cause for concern as they have been throughout the Chinese economic slowdown. Everyone

knows that the weak export data is largely due to persistent weakness in developed markets – particularly Europe. Now there is another potential shockwave lurking on the horizon: the raising of interest rates in the United States and elsewhere. The pessimists, most notably the IMF, have been saying that while the time is right for a slight rate hike by the Federal Reserve it will have some consequences on emerging market economies which have racked up dollar-denominated debt and are prone to capital outflows. China is perhaps better prepared for such an outcome than other nations but there is still some cause for concern as both the current U.S. interest rate cycle and the global economic situation are somewhat historically unprecedented. This may explain some of the reasoning behind Chinese Finance Minister Lou Jiwei's recent assertion at the annual World Bank and IMF meeting in Lima that conditions for a Fed rate increase are still not optimal. He said that, "the US economy has benefited from the position [of the US dollar] in the global currency system, and has revived relatively faster... The U.S. should bear more global responsibility and is not yet in the condition for an interest rate hike."

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The question, “Who is the best chef you know in your life?” is often followed by the answer, “My mother.” The St. Regis Hotel’s newest executive chef, JimO, does not set to challenge this position but rather embraces the reason for this instinctive answer in his own cooking. For JimO, using your heart when you cook is the most important element to unlocking the potential of creative fine cuisine.

“When you lead yourself, you use your head. When you lead others, you use your heart”, is the ethos employed by JimO.

JimO is a well-seasoned chef, having worked in the culinary industry for over a decade. Beginning his long-standing career from scratch and working his way up to master the art of gastronomy, JimO has worked in a number of flagship hotels in cities all over China, including Chongqing’s Westin China Hotel. Adding to his long, ever-growing list, The St. Regis Hotel Tianjin is now the fourteenth hotel he has worked for, bringing to Tianjin a wealth of experience,

energy and passion for contemporary Asian cuisine.

The Tianjin attraction

As part of a natural career progression, JimO expresses excitement to be able to expose his talents to new areas of China. Indeed, by expanding his career to northern China, for JimO, the only way is up. In the short time he has spent in the city, he has already become familiar with some

of Tianjin’s speciality foods to grasp the flavours Tianjin has to offer his cooking repertoire. But, there is still much to be discovered about local tastes.

Unlike the other cities he has developed his career in, Tianjin’s distinct blend of European influence with Chinese tradition is what struck JimO most when arriving in Tianjin. The colonial look combined with the city buzz provides a new environment for JimO



JimO
Cooking with heart and skill

By Annie Ly

to try out creative recipes in. As with his previous cooking experiences, JimO hopes to truly understand local Tianjin tastes and leave his own mark on the city’s dining experience. He is confident that working for The St. Regis’ strong brand will provide the right springboard for him to combine his passion for exquisite cuisine with

great service for all customers to enjoy.

A personal touch

Not shy in admitting that Asian cuisine is his forte, perhaps what sets The St. Regis’ newest addition apart from other executive chefs is JimO’s

emphasis on cooking and managing a kitchen with a personal touch. “When you lead yourself, you use your head. When you lead others, you use your heart,” is the ethos employed by JimO. When it comes to managing his diverse team of young, talented chefs, JimO believes a hands-on approach and attention to detail are essential.

But, he is not afraid to get stuck in, admitting to spending most of his time within the kitchen working alongside his team. "I love to do on the job training, personal coaching is very important," he stresses. One of the most important components needed to ensure that the food is cooked and served with the utmost quality is genuine and honest leadership. JimO believes recognition of good practice and emphasis on teamwork are what makes his kitchen deliver such high standards of cuisine.

Also at the very heart of his cooking approach lies the need to understand local tastes; only then is it possible to cook creatively with a particular style to cater to new audiences. JimO looks beyond his own personal preferences, blending together new flavours with that which is desired by the Tianjin tongue and pushing the boundaries of the local taste palette. This personalised approach is sure to be the recipe for success as we usher in a new era of culinary skills under Chef JimO.

JimO is confident that working for The St. Regis' strong brand will combine his passion for exquisite cuisine with great service for all customers to enjoy.



Great expectations

So what can we expect from The St. Regis' latest addition to the kitchen? One thing that comes through strongly when speaking to JimO is his passion for food. He is a fountain of creative ideas which seamlessly align with The St. Regis' signature style of luxury service. From handmade noodles with braised beef brisket to Hainanese chicken rice, to fresh corn puree with curry oil and baked peach crumble, JimO's dishes are bursting with creative twists to please customers. In the process of developing new specialties, food presentation has even been touched by JimO's creativity through the inventive use of unusual ingredients like squid ink and fennel herbs.

The Tianjin taste

As the city of Tianjin continues to develop and change, the ability to keep up with the shifting tastes of Tianjin locals is a challenge Chef JimO will undoubtedly face. But The St. Regis' newest executive chef is quietly confident he has what it takes to succeed. Noting that today's young generation are bolder and more open to trying new things, JimO recognises the enthusiasm of Tianjin customers to seek new experiences and yet still appreciate good cuisine. It is this that The St. Regis' newest chef sees as a sea of great potential. There's a new flavour in town and it starts with Chef JimO joining the prestigious The St. Regis team, creating a new age for Tianjin taste buds.

As part of a natural career progression, JimO expresses excitement to be able to expose his talents to new areas of China.

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Meet China's Leading Multinational Law Firm Dialogue with Manuel Torres, Garrigues

By Tracy Hall

When it comes to practicing corporate law in the Middle Kingdom, no organisation has had as much experience or enjoys as much of a superlative reputation as Garrigues. The world renowned Spanish conglomerate, which is currently headquartered in Shanghai but serves the entire China-based business community, has operated in the country for over two decades. To say this firm knows the Chinese legal system inside out is an understatement.

What's more, they have been at the forefront of the country's thriving economy. Amongst other things, they have helped to promote FDI (Foreign Direct Investment) from Europe to China. Earlier this month our editorial team met up with Manuel Torres, the company's Managing Director for China, to find out more about this incredible law firm.



Please could you start by giving our readers a brief insight into your organisation?

Garrigues is an international legal and tax services firm that provides business law advice on the main economic scenarios of the global marketplace. Since its creation in 1941, the organisation has been recognised for its international outlook and innovative nature. Our team is made up of two thousand people from twenty different countries, who, under a single integrated management team and with the same quality standards, operate in twelve countries across Europe, the Americas, Asia and Africa.

All Garrigues lawyers share the same hallmarks: empathy with the client, ongoing dedication to understanding client needs and strict compliance with ethical standards. These qualities, together with their broad experience, training and availability, make us one of the most

prestigious and professional law firms in the industry. Garrigues is one of the largest international law firms and is among the top 100 most important law firms worldwide. Its team of experts provides business law advice on the most relevant and complex transactions on the market. We are present in the world's leading economic powerhouses,

We aim to increase outbound investment by making our Chinese investors feel more comfortable when getting involved in the booming Latin American economies.

with offices not only in Spain and Portugal, but also in London, New York and Brussels, as well as in China, Brazil, Colombia, Mexico, Peru, Poland and Morocco.

How did the move into the Chinese market come about back in 1992?

Following the Open Door Policy of Deng Xiaoping's government, foreign companies started to become interested in the Chinese market and started to identify it as a good location for the process of 'decentralisation', taking into account the small degree of existing pressure coming from the labour costs and the relationship between

US dollar and yuan, and the favourable atmosphere for foreign investment. We started to support them in every step of the setting-up process, including the ways in which they could invest with local partners.

During that time we would often travel with our clients to China, with the purpose of assisting them in all their operations, but we realised that advice from within China was needed, and so we made the decision to open our very own office. In 2005, we became the first Spanish law firm to obtain a permit from the Chinese Ministry of Justice to open an office in Shanghai. In recent years we opened a second office in Beijing.

It is clear that your operations in Shanghai were a success. What prompted the move to Beijing, as opposed to other big industrial cities?

Moving to the capital was a very logical step for us. The aim behind the opening of our Beijing office is to better serve our existing clients in Beijing and to capitalise on the opportunity for further growth by serving new multinational clients based in the city. It will also enable us to raise our profile and strengthen our ties with Chinese institutions — whose role in the business sphere is paramount — and to create a bridge between Chinese investors located anywhere in the country and our Latin American practice.





More broadly, the opening of the Beijing office marks another milestone in the consolidation of Garrigues' status as an international firm, reinforcing its expansion by establishing an operating presence in one of the most important cities in the world.

Other than your company's unparalleled experience in the Chinese market, what gives you the edge over your local and international competitors?

We have two offices with more than 23 local lawyers, which allow us to fulfil the needs of all of our clients across different sectors. Our team at Garrigues China advises a large number of leading companies in sectors as diverse as real estate, automotive, banking and finance, chemicals, pharmaceuticals, renewable energies, retail trade and the manufacturing industry (textiles, furniture, footwear and so on).

Our business model centres on building an elite team of professionals who are keen to adopt the Garrigues corporate culture. One of our main features is our diverse points of view, which allow us to anticipate problems and facilitate solutions to complicated problems.

In what ways can Garrigues help foreign companies establish themselves within the Chinese market?

We have experience in dealing with different administrations involved in the process of constituting a new

commercial organisation, such as the Ministry of Commerce, AIC, and the NDRC. On top of that we offer services all over China, from the capital city and Tianjin to Shanghai and the other major industrial hubs in the south of China. We also have a strong presence in Chengdu, Chongqing and Xinjiang province, where we are assisting a major joint venture that will boost the area's agricultural products and increase foreign investment.

What can you tell us about your organisation's role in promoting investment ties between China and Latin America?

We are creating a bridge between China and Latin-America with the purpose of helping Chinese companies settle in and do business within this increasingly important region. For us, Latin-America is a natural market because of the language (Spanish), culture and a very familiar set of legal frameworks. We aim to increase outbound investment by making our Chinese investors feel more comfortable when getting involved in the booming Latin American economies.

On the whole, would you say it is becoming easier or more difficult for foreign companies to invest and operate in China?

It depends which other countries you are willing to compare the Chinese market to. I will tell the foreign companies that are willing to come here the same as I tell all my clients: "China and simply in the

same sentence is not possible." This is a complex market with unique challenges but it is one in which the so-called 'rule of law' is increasing day by day. It is becoming more and more open for trade with the international community. In doing so, it will inevitably have to implement changes that will make it a more attractive global business and investment hub.

Where do you see the most demand for your services coming from in the future?

While we are still at the forefront of the foreign investment market, nowadays we are focusing much more of our resources on supporting Chinese companies – both private and state-owned – to invest abroad. We have realised that when a Chinese company goes international, they always need legal and tax advice. What's more, the agreements reached between Beijing and countries of the CELAC have made Latin-America a main object for Chinese companies. Our strong presence in Spain, Portugal and the booming Latin-American markets puts us in a great position to attract more clients going forward.

Thank you for attending the interview. Would you like to add anything else?

On a final note, Garrigues is very proud of our ongoing collaboration with Business Tianjin. The information and insight that your publication provides are invaluable to the Chinese business community. I would like to say, "keep up the good work and we look forward to working with your organisation in the future."

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TWU Great Wall MBA Program Signing Ceremony

财经大学与西三一大学长城MBA项目签约仪式



Trinity Western University and Tianjin University of Finance & Economics Sign New Agreement to Continue Prestigious Joint MBA Program

By Michael Dow

Just before the 2013 academic year got underway Business Tianjin reported on an exciting new joint venture between two elite educational institutions on opposite sides of the Pacific Ocean. Given the high level of business expertise within both the Trinity Western University and the Tianjin University of Finance & Economics teams, it was inevitable that the Great Wall MBA program would be a success. After two years of working together, these two world-class universities have renewed their agreement to run this outstanding course, meaning that the city's aspiring business leaders will continue to have access to this outstanding opportunity.



Speaking on behalf of Trinity Western University, President Bob Kuhn recently stated that: "TWU is very pleased with how the vision for the unique Great Wall MBA program has continued to be highly effective due to the hard work of TWU and TUFU. TWU's commitment to China reaches back many years and continues to develop and mature due to the strong relationships of trust between our respective universities. We look forward to many years of providing high quality educational opportunities in China. As tangible endorsement of our common commitment to move forward, I was personally excited to visit TUFU's campus in order to sign the Five-Year Extension of our Initial Agreement with TUFU. We are confident that our partnership will continue to bring high quality education to business people in

China. TWU's MBA program, in concert with TUFU, offers these students a great opportunity to benefit from a North American style classroom learning experience, taught by expert faculty from each of our two great universities".

We are confident that our partnership will continue to bring high quality education to business people in China.

We also caught up with Trinity Western University's MBA Director, **Murray MacTavish**, to get his thoughts on this unique partnership. Here is what he had to say...

■ *Firstly, tell us what this extraordinary partnership between Trinity Western University and the Tianjin University of Finance & Economics has achieved since Business Tianjin first covered this story.*

Our first class graduated 21 students in November 2014. It was an exciting time as many of the students travelled to Canada to participate in our Canadian graduation ceremonies. Our second cohort has 31 students and we are currently enrolling students for our third cohort. Our Great Wall MBA program has already received a national Top 10 Joint Venture MBA Award.

■ *How has the working relationship between the two universities developed over time?*

Our two universities are committed to the success of the Great Wall



MBA program. And we have worked tirelessly on this project to ensure the students have an excellent learning experience. We have really gotten to know each other well and continually work together on processes to improve the program delivery.

■ In what ways has the MBA programme evolved since its inception?

As with any new program, you learn what works and what doesn't work as the program grows. We are pleased that the program has not needed much alteration.



■ Tell us about your exceptional team of teachers, which is comprised of industry-leading experts from both sides of the Pacific.

Trinity Western University teaches 8 of the 14 courses and TUE's expert faculty teach the other 6; though they are now contracting with 2 USA faculty to teach in the program, leaving 4 to be taught by TUE faculty. TWU's faculty are all experienced in the marketplace as well as having excellent educational backgrounds. They were trained at Columbia University, The Pennsylvania State University, University of Washington, University of British Columbia, to name a few. They each have many years of experience teaching in an MBA program.

■ In terms of the wider Chinese MBA market, what would you say are the unique selling points for your institutions' joint programme?

Our program is a foreign degree delivered by foreign faculty. So students have the opportunity to experience a dynamic Western-style learning environment which is a very effective environment to learn critical thinking and judgement. Our faculty have experience working

in industry and around the world. So, the classroom lectures and discussions include valuable stories and examples. The cost of the program, while higher than some domestic offerings, is priced in a way that is affordable as compared to other foreign MBA programs in China. This makes our program all the more attractive as it gives people an opportunity to obtain a foreign degree at a reasonable price.

■ When we first discussed this venture with your team they stressed the massive amount of value that an MBA has in the 21st century Chinese job market. Is this still the case in today's economy?

It is still absolutely a highly sought after qualification and an extremely good investment. An MBA provides business people with the analytical decision-making tools to be a more effective leader. In the ever-changing global marketplace, business people more and more need to enhance themselves to remain competitive.

■ What kinds of people are most suitable for this type of course?

We welcome students from all over the world to this global MBA.

Students typically have a few years of work experience. Though we do not require work experience to enroll in the program. Our MBA program is offered on weekends, so it is ideal for expats working in China to complete their MBA while on assignment in China.

■ What can you tell us about the accreditation aspects of the MBA?

Trinity Western University is accredited by the Association of Universities and Colleges of Canada (AUCC), Canada's primary accrediting body. This means that when our students graduate they will receive a qualification that is held in the highest of esteem in every corner of the globe.

■ The two institutions have recently signed a new five-year agreement. What plans do you and your team have going forward that will make this already elite MBA programme even better?

This new agreement offers more chances for short-term study in Canada—whether one month

or up to 6 months. And it also allows students from our Canadian programs to study here in China. This creates a great opportunity for students to experience another culture and to meet business people from other countries beyond those in their home program.

An MBA provides business people with the analytical decision-making tools to be a more effective leader.

■ On a final note, we understand that TWU has also been exhibiting its sporting prowess in China recently. What did your university's female volleyball team say about their Chinese tour?

Our women's volleyball team had such a wonderful experience in China. We were received so warmly on our Canada-China Goodwill Tour. There is nothing like sports

to bring people together across cultures. I think the women had a life-changing experience. Many said they couldn't believe how amazing China is. I know they were challenged by their Chinese opponents on the volleyball court. But that is what good sports is about. Pushing each other to improve to be the best we can be.

■ Thank you for attending the interview. Would you like to add anything else?

On a final note, I really hope that people will consider enrolling in our Great Wall MBA program; especially students from around the world, including expats living and working in Tianjin. We are so excited about this venture. We have helped many students enhance their skills and advance their careers in Canada. Now we are doing the same thing in China. It is truly a privilege.

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Trinity Western University Women's Volleyball Goodwill China Tour



Each year Trinity Western University sends a varsity team to China as part of a Goodwill Sports Tour. This year TWU sent its women's volleyball team, Canada's national championship team. They played several teams across China, including Shandong Provincial women's volleyball team and Tianjin University of Technology's team. In between the games, the players had a chance to see various parts of China and to experience its rich culture, as well as participate in the Great Wall MBA Program signing ceremony at TUE.

Emerging Markets: To Buy or Not to Buy?



With all the recent turmoil in the stocks, commodities and currency markets so far in 2015, investors have been left wondering whether or not it is still a good idea to plough their cash into the once sparkling emerging markets. This includes formerly attractive investment hubs like the so called BRICS (Brazil, Russia, India, China, and South Africa), the Four Asia Tigers (Hong Kong, Singapore, South Korea and Taiwan) and the other emerging economies in Southeast Asia, Latin America and Africa. There are plenty of good reasons to feel more apprehensive about these locations than before, but is it really time to pull out altogether and park your cash in the safe but slow developed economies?

It is hard to say exactly what has spooked financial markets the most. Geopolitical tensions, particularly in Eastern Europe, the Middle East and Asia, are certainly not helping matters but the markets originally shrugged off fears of any major economic consequences when the Ukraine crisis and quarrels in the South China Sea were at their worst a couple of years ago. It is more likely that investors have gradually become more bullish

on developed markets and more bearish on the emerging ones. Most people now seem to have bought into the narrative of a full blown recovery in the United States and other big economies like the United Kingdom. Europe is still in terrible shape but nothing is new in that regard. Yet on the other hand, all we seem to hear about emerging economies these days is doom

Most emerging markets are financially more sound today than they were a decade or two ago, when financial fragilities led to currency, banking, and sovereign-debt crises.

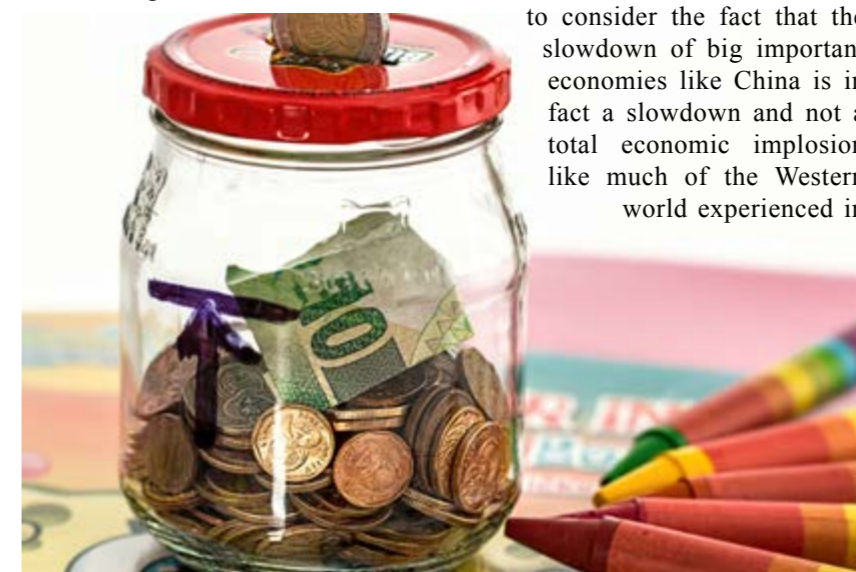
and gloom. China's slowdown, in conjunction with the rollercoaster rides that have occurred in the country's stock markets, has everyone from the big bankers on Wall Street to the individual private speculator panicking like mad. Ridiculously high inflation

and government incompetence have seemingly destroyed Brazil's credibility as an investment hub, whilst the political situations in Russia and Thailand need no introduction.

The one biggest individual factor that is really scaring people at the moment seems to be the prospect of Federal Reserve interest rate hikes at some point in the very near future. People are now coming to terms with the fact that interest rate rises in America and other economically important European nations will probably create the double edged sword of a higher debt repayment burden and huge capital outflows from the emerging world. It is a frightening situation at a time when many of the upcoming economies are much more fragile than they have been over the last decade or so. The IMF has warned investors about these big risks several times in the last few months. They believe that, "shocks may originate in advanced or emerging markets, and, combined with unaddressed system vulnerabilities, could lead to a global asset-market disruption and a sudden drying up of market liquidity in many asset classes." Moreover, "recent market developments underscore

the complexity of these challenges, as well as potentially stronger spill overs from China."

But whilst most commentators now accept that there will be some big bumps in the road, not everyone is nervous about the upcoming rate rises. A U.S. interest-rate boost would help emerging markets by reducing uncertainty that's kept investors from taking on risk there, according to JPMorgan Chase & Co.'s global head of research, Joyce Chang. "The Fed should get it over with," she said in an interview after speaking on a panel discussion at the Institute of International Finance in Lima, Peru. Even Noriel Roubini, the prolific investor who is famous for prophesying economic crises, has recently come out in support of the emerging markets. He argued that, "most emerging markets are financially more sound today than they were a decade or two ago, when financial fragilities led to currency, banking, and sovereign-debt crises. Most now have flexible exchange rates, which leave them less vulnerable to a disruptive collapse of currency pegs, as well as ample reserves to shield them against a run on their currencies, government debt, and bank deposits." Perhaps even more importantly, he pointed out that, "most also have a relatively smaller share of dollar debt relative to local-currency debt than they did a decade ago, which will limit the



increase in their debt burden when the currency depreciates." All of these factors are very important indeed.

Looking at it from a more long term perspective, in many ways the current sentiment towards these markets is a classic case of sound long-term macroeconomic fundamentals being ignored in favour of fear and pessimism. It is true that the shining stars of yesteryear – China, Brazil, Thailand, Indonesia and Russia – have fallen into pretty bad shape when it comes to debt, GDP and a whole range of other key gauges. Then again, India has rocketed back to strong growth and South Korea still looks fairly healthy all things considered. We also have to consider the fact that the slowdown of big important economies like China is in fact a slowdown and not a total economic implosion like much of the Western world experienced in

2008. The so called 'new normal' era, in which the Chinese economy grows at between 4-7% per year, looks mediocre when compared to the double digit GDP growth of the previous decade, but it still represents a clear path to progress and prosperity.

And while most of the emerging world's economies may be slowing in terms of pure GDP growth there is still every reason to believe that in most of these cases, improvement of living standards, geopolitical stability and increasing spending power will persist for decades to come. Financial Times reporter Gideon Rachman has pointed out that, "The future still belongs to the emerging markets. The rise of non-western economies is a deeply rooted historic shift that can survive any number of economic and political shocks. It would be a big mistake to confuse a temporary crisis with a change to this powerful trend." With that in mind it would probably be a good idea to keep some money in these increasingly powerful players in the new global economy so that their growing prosperity can boost your bank balance.

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Stocks and Shares

Standard Chartered completes yuan clearing for IKEA via CIPS



Standard Chartered Bank (China) Limited completed a yuan clearing transaction for IKEA through the China International Payment System (CIPS), the first such deal to be announced after Beijing launched the worldwide system. The bank said it finished the transaction from China to Luxembourg for the Swedish home furnishing retailer, noting it was the bank's first international yuan direct clearing via CIPS. China's central bank launched the worldwide payment superhighway to encourage greater use of the yuan for trade settlement and investment.

Source: Reuters

Deutsche Bank warns of large loss



There was also doubt about the value of its Postbank retail division that Deutsche plans to sell. Germany's biggest bank said the dividend for the year could be cut or scrapped. The group has set aside €1.2bn for legal costs. Deutsche is embroiled in the Libor-rigging scandal and is being investigated by Swiss authorities for suspected price-fixing on the precious metals market. The bank also wrote down by €600m the value of its 20% stake in Hua Xia Bank, which it now plans to sell as it is no longer considered to be strategic.

Deutsche Bank has warned investors it will post a net loss of €6.2bn (£4.5bn) for the third quarter. Higher capital requirements for its investment bank were partly responsible for huge impairment charges of €5.8bn.

New chief executive John Cryan, who took over in July, is preparing to cut about 23,000 jobs - about a quarter of the workforce - in a bid to reduce costs, it was reported last month.

Source: BBC

Fast food rivals expand, hitting Yum sales in India

Aggressive expansion by foreign rivals is eating into sales at Yum Brands Inc in India, and there is little letup in sight for its KFC and Pizza Hut restaurants that are struggling to keep pace. India accounts for only about one percent of Yum's global sales, but Asia's third-largest economy is a key growth market for companies, which are betting on an emerging middle class and its appetite for fast food.

On Tuesday, Yum posted its third straight quarter of sales declines in India, where analysts say it is being outpaced by ambitious rivals like Domino's Pizza Inc and McDonald's Corp. Adding to Yum's pain, both its restaurants and other fast food rivals face tough competition from a proliferation of smartphone apps, which allow Indians in most large cities to order a wide choice of food.

Source: Reuters



Currencies



Will Shadow Banks Save Chinese Developers?



Chelsea Cai
Head of Research
JLL, Tianjin



There has been much discussion about how investment and construction have been key drivers for the Chinese economy over the past several decades. This construction generally starts with infrastructure and residential property. Then as cities grow and diversify, retail and office property become important elements of this construction boom.

According to *China City 60: From Fast Growth to Smart Growth*, a report JLL released earlier this year, the existing stock of Grade A office space in China is still overwhelmingly concentrated in the four Tier 1 cities (Beijing, Shanghai, Guangzhou and Shenzhen). They account for nearly two-thirds of all Grade A

The term "shadow bank" was initially used for describing the legal structures. Their purpose was to remove opaque and complicated securities loans off these banks' balance sheets before the financial crisis.



office space in China. However, the report highlights that China's Tier 1.5 cities such as Tianjin, Chengdu and Shenyang, have been rapidly building office space in the hope they can transition from manufacturing based economies, to more service oriented ones. The report notes these cities on average have seen their Grade A office stock more than double every three years (to 2005, 2008, 2011 and 2014). These Tier 1.5 cities' recent stock increases have led to concerns about oversupply. Currently about half of Tier 1.5 cities' Grade A office space sits vacant as it is difficult to digest stock increases over a short period. Many believe the service sector in these cities, which lag behind China's Tier 1 cities, have considerable room to expand and absorb space over the medium term.

We have reviewed leasing transactions in Tianjin this year and they reveal that indeed there has been an increase in demand from Chinese service sector firms, interestingly, many of them are from the finance sector and are often referred to as "Shadow Banks."

Who are the Shadow Banks?

The term "shadow bank" was initially used for describing the legal structures used by big western banks in 2007 by Paul McCulley, a senior executive at PIMCO, an asset manager. Their purpose was

to remove opaque and complicated securities loans off these banks' balance sheets before the financial crisis. The term has now generally come into widespread use, referring to non-banking financial institutions, including a wide range of trusts, wealth management firms, P2P lending and internet finance firms - [1] "credit intermediation involving entities and activities (fully or partly) outside the regular

One obvious risk is that some shadow banks have lent to companies in financially stressed industries. If these companies are unable to repay their loans in a timely manner, the shadow banks may suffer.

banking system." According to one study by the Brookings – Tsinghua Centre, researchers observe that unlike western countries' financial instruments, such as securitisation, derivatives and CDOs, most shadow credit in China is straight forward lending. As the researcher said "two-thirds of shadow banking lending

in China can be characterised as 'bank loans in disguise' that result from regulatory arbitrage;" also, the shadow banks are simply to satisfy the needs of credit from private enterprise, which cannot be met by banks. From the investor's point of view these loans are referred to as "wealth management products" and "trusts".

Wealth management products and trust loans emerged on a large scale in 2010 and began moving into Tier 1.5 cities from Tier 1 cities in recent years. During the period, some shadow banks began to default, bringing attention to the high risk of shadow banking operations. The Economist's special report in May 2014 issue gives the example of two struggling borrowers in this trust sector. Despite the risk of bankruptcy, shadow banks continued to expand at a rapid pace in Mainland China, especially as most shadow banks have not been impacted by regulations from authorities.

Why are Shadow Banks Expanding?

From an investor's point of view, deposits in traditional banks offer measly returns given the current cap on deposit rates. For example, savings accounts yield only 0.35% annually and one-year fixed deposits earn at most 3.3%. This makes wealth management products with advertised yields of around of 10% seem very attractive to individual investors, so there are plenty of funding sources for these companies. Another reason for the emergence of shadow banks is that authorities hope this new wave of innovation will push up the service sector's contribution to the Chinese economy. Since the weakness in manufacturing has largely dragged down economic growth, authorities hope the service sector will play a bigger role in the economy. This boom in the shadow banking sector displays the desire for service companies to evolve and play a

bigger role in the economy and also an example of how the service sector is innovating in new areas.

However, regulation has been tightening gradually and the shadow banks are expecting to enter a new era of consolidation. Well performing firms with diverse operations may become even larger as they acquire insolvent companies or gobble up market share from competitors. Stress in the industry and a chain of bankruptcies for weaker players might occur once regulation or competition becomes more intense.

Impact on the Real Estate Market

Not only has leasing demand from this new sector been robust, these financial institutions have illustrated a taste for top quality office projects and are willing to pay top market rents. Many of these firms are looking to quickly establish a reputation as they expand into new markets and as a result have been willing to pay high rents to acquire space in many of the best known office buildings in various Tier 1.5 cities. Landlords have been somewhat wary of these firms and have insisted on larger security deposits which again these groups are usually prepared to pay.

One obvious risk is that some shadow banks have lent to companies in

financially stressed industries such as coal mining or other commodity related businesses. If these companies are unable to repay their loans in a timely manner because of short term market volatility, the shadow banks may suffer and then they may have trouble meeting their financial obligations including their rents.

Shadow banks, which have replaced some of the lending functions of traditional banks, will eventually come under pressure from increased regulation and market consolidation.

Chart 2 shows that in the last three months, more than 50% of new leasing transactions in Tianjin came from financial groups that could be called shadow banks.

We can expect net absorption from shadow banks may slow as the sector undergoes consolidation. Additionally, there is already some data suggesting these companies pre-terminate their leases at a higher rate than other industries. It is likely landlords will face pressure to find new better quality tenants to replace

space that was previously taken up by shadow banks. Average rental values may be impacted as well. Currently, shadow banks are largely insensitive to rental rates, taking up premium space in Grade A office buildings. According to JLL transaction data, Tianjin's shadow banks' average rent reached CNY 5.06 per sqm per day, 10% higher than rents paid by other sectors. Overall, if the sector fails or goes under significant consolidation, we expect Tier 1.5 Grade A office buildings to see their vacancy rates and average rental values strongly impacted.

We are not suggesting there is an imminent collapse coming to the shadow banking sector, but rather, we are highlighting the emergence of a new industry thanks to financial innovation that has in a relatively short period of time become a welcome driver of office demand just as a large amount of new supply is entering the market.

In conclusion, shadow banks, which have replaced some of the lending functions of traditional banks, will eventually come under pressure from increased regulation and market consolidation. In the near term, the positive benefit of the new sector is welcomed – especially for Tier 1.5 cities that do not have as robust a tenant selection as Tier 1 cities do. However, we need to continue to watch closely as the sector may see consolidation due to newly imposed regulations and defaults among insolvent firms. Eventually however, some of these shadow banks may emerge as solid long term companies that any landlord would welcome to their property portfolio.

[1] Defined by the Financial Stability Board (FSB).

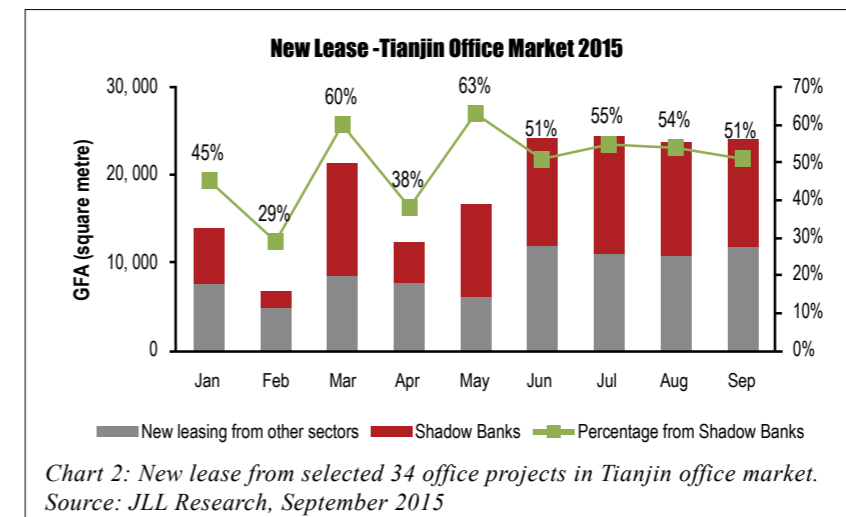


Chart 2: New lease from selected 34 office projects in Tianjin office market. Source: JLL Research, September 2015

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Fashion and Intellectual Property in China



Elio De Tullio



Giacomo
Bucciarelli

Monsieur Yves Saint Laurent once said: "Fashions fade, style is eternal". This is an unquestionable truth, but what paves the way to eternity is certainly Intellectual Property and its protection.

In fact, Intellectual property is the tool able to evaluate our ability to be creative and innovative. It's the measure of the possibility to create something unique, which can affect the progress and our future and generate benefits for ourselves, for the people around us – sometimes for all humanity. Innovation, creativity, know-how, research, but also the appearance of the products, as well as the attractive character of the marks, are all key factors that enable companies to be competitive in a highly globalized market, which selects products on the basis of quality.

More and more often, consumers choose a product paying particular attention to its aesthetic aspect, to its design. Also brands and their reputation are attracting consumers, like it happens with trademarks such as Valentino, Armani, Versace, Gucci and all other leaders of the Italian fashion industry which, on the basis of the reputation that the respective companies have been able to create and maintain throughout the years, have attained significant portions of the market.

Fashion IP in China: *from trademark protection to the fight against counterfeiting.*

Speaking of luxury and fashion industry, several topics may come to the readers' minds when approaching IP related matters: trademark protection, design patent, copyright and counterfeiting.

With particular reference to trademarks, there are two main factors that often represent an obstacle to foreign Fashion companies deciding to expand their businesses to China. On the one hand, China has a "first to file" trademark jurisdiction. That means that protection is granted to those who first file a trademark. The "first to file" rule has been a huge issue for foreign companies, considered the common practice of local entities who apply for other's trademarks in China or for similar versions in order to get the "first to file" privilege.

On the other hand, the differences in language are to be considered. In fact, when applying for a trademark in China, the applicant should think about filing also the transliteration of his trademark in Chinese characters, as well as protecting its phonetic translation, or both them.

Recently, in July, the Chinese Trademark Review and Adjudication Board (TRAB) in Beijing overturned the decision of the State Intellectual Property Office to grant a trademark to "Michael Bastian" and a Chinese transliteration to an unrelated entity. In particular, the TRAB applied the principle of honest and good faith, even though there was insufficient evidence of Michael Bastian's use of the trademark or publicity in China prior to the date of filing by the defendant.

**"Fashions fade,
style is eternal"**

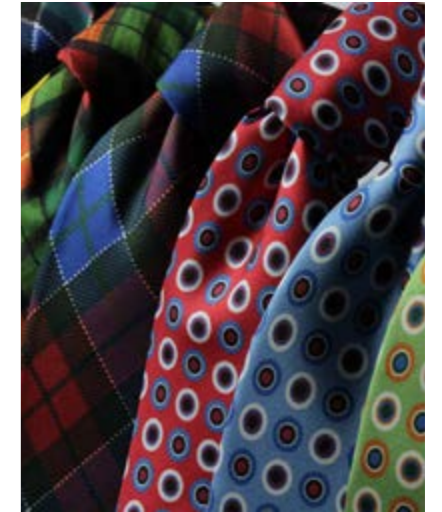
This decision represents a landmark in the application of the principle of good faith, that makes possible for foreign entities to rightfully use and register their trademarks in China, even though they have been subject to trademark hijacking.

Another pivotal aspect that emerges in relation to fashion IP is the fight against counterfeiting, a phenomenon that affects the whole Chinese industrial system and somehow represents a source of wealth for China. As the China customs agency report revealed, in 2014 seizing has increased significantly: customs Authorities have suspended the clearance of 27.000 shipments, of which 24.000 suspected of IPRs infringements (mostly related to trademarks) and 95.5% intended for export. Among all the goods seized, the 8% concerned apparel, while the 1%

concerned footwear.

Multinationals, SMEs and Foreign brand owners are the target of counterfeiting and IP theft, and two assumptions have to be made.

On the one hand, brand protection activities should focus on certain IP rights and products and should be specifically directed to certain areas; on the other hand, investigative and inspection activities should be outsourced to external professionals and firms. That is because brand owners companies may not be able to invest sufficient resources in conducting investigations and in combating IPRs infringements throughout China in general. Moreover, in the case they manage to build up an investigative team, it would face some difficulties in covering all possible manifestations of counterfeiting of all the company brands.



Counterfeiting affects particularly foreign brands, amongst which luxury brands, which are concerned not all in the same way. In fact, fashion brands often suffer dilution, losses of investments and market share.

Generally speaking, counterfeiting in China shows some typical structural aspects, even though the products concerned are various, and so their demand and supply. If manufacturing and warehousing are mostly conducted covertly, trading is carried out openly, also through the Internet.



Counterfeiters can be divided into three categories. First, it is possible to find individuals or small-scale businesses, who conduct both legitimate businesses and illegal manufacturing and trading activities, or small underground workshops. These entities may run their own counterfeiting business autonomously or may be part of the production chain in the manufacturing, warehousing or trading phase, often without any idea of the head of the chain.

A second category of infringers consists of organizations economically sustained and managed by financially capable entities and individuals which carry out several businesses – undercover



or legitimately registered companies – to carry out their large scale counterfeiting ventures. Each of the entities involved in these organizations perform the activities of manufacturing, labeling, trading, distributing, selling etc. Therefore, the reseller often ignore the manufacturer of the products exhibited in its market stall or

sold on the Internet. This second manifestation of counterfeiting, due to the widespread dissemination of different individual and independent units, it's harder to fight through single interventions against each of the external manifestations of the infringing venture (shutting down domain names, and e-commerce sites, raiding of retailers, factories



or warehouses).

The third category of counterfeiters includes Original Equipment Manufacturers (OEMs) or their employees, which have no knowledge of the head of the counterfeiting chain, and which may decide to outsource the manufacturing of parts and components to illegal ventures in order to boost profits.

Once having seen the dynamics behind the counterfeit goods production, let's see where they are sold, i.e. the Internet, the place where the most part of IPR infringements occur.

One of the main Chinese e-commerce platform, Alibaba, has been criticized by the State Administration for Industry and Commerce for the lack of protection for brands on its platforms and for the poor quality of the goods sold online, and is now investing many efforts in the fight against counterfeiting.

In this framework, on the cyber-law side, the Chinese Parliament has published on July 6, 2015, a draft cyber security law (*available at <http://chinalawtranslate.com/cybersecuritydraft/?lang=en>*) that tightens Beijing's control over data, with potentially significant consequences for Internet service providers and multinational firms doing business in the country.

In particular, the document boosts users privacy protection from hackers and data resellers, but, at the same time, strengthens the government's powers to obtain records on and block dissemination of private information deemed illegal under Chinese law. Citing the need "to safeguard national cyberspace sovereignty, security and development" the proposed legislation will allow China to bolster its networks against threats to stability and better regulate the flow of information.

According to the draft law, Internet Service Providers must store data collected within China on Chinese territory, while the data stored overseas for business purposes must be government-approved; moreover, Network equipment must also be approved under testing standards issued by China's cabinet. The leading government body appointed for making and enforcing policy for the Internet is the Cyberspace Administration.

Intellectual property is the tool able to evaluate our ability to be creative and innovative.

In practice, the law would oblige ISPs and platforms to actively monitor user activity and delete content that is forbidden by law in order to prevent that information



from spreading.

Under current practice, both ISPs and Content Service Providers are required to designate some personnel to handling censorship notices issued by Government and party authorities, and to implement these requests round the clock.

The draft law explicitly states that failure to prevent illegal information from spreading will result in punishment including warning, fines and even forced closures. Law enforcement can also enlist network operators' help for national security and criminal detection purposes.

Moreover, the draft provides for the network operators to require users to provide real identity information when signing service agreements to ensure the traceability of their Internet activities and content. If users do not provide real identity information, network operators must deny them the relevant services. While the draft imposes obligations to protect privacy on the ISPs, it does not impose equally comprehensive obligations on public authorities in relation to their collection and processing of personal information within the broad scope of 'Internet security maintenance'.

The draft has already met some critiques, since as many Chinese laws, the language is vague enough to make it unclear how the law will be practically enforced. Others said that the draft law would institutionalize censorship practices that were not explicitly formulated before.

Enforcement of Fashion IPRs

IPRs enforcement in China, with specific regard to the fashion industry, relies on the choice of the instruments offered by Law. Sometimes, a strategy which seems to be less expensive or easier, may result in an unsuccessful loss of time. Therefore, the choice of the right enforcement strategy is crucial.

China has a dual-enforcement system, where trademarks and design patents can seek enforcement before a civil court (People's Court) or a specialized administrative organ. Generally, these are costly and time-consuming, and more suitable for traditional patents and trademarks infringements, rather than anti-counterfeiting suits. However, it is possible to claim for the economic damages derived from a trademark/design patent infringement only before the People's Court.

In order to obtain an injunction, the applicant has to pay a deposit, and the infringer will be notified and invited to a hearing and file opposition to the injunction (this notification is also typical of administrative proceedings). Later, the applicant must substantiate the injunctive order by filing a civil lawsuit (within 15 days from the injunction) in order to keep the seizure legally binding.

Another risky aspect is that counterfeiters are often letter-box entities without sizeable assets, that means that brand owners may find themselves having spent a lot of money without any concrete result. As far as Criminal Law is concerned, counterfeiting becomes a relevant criminal conduct only when it reaches certain thresholds set forth by Law, on the basis of the amount of counterfeited goods and illegal revenues involved. Given this situation, it's a common practice for infringers to manage production and storage in order to avoid inspections carried out by police forces, by reducing the time in which products are stocked

in factories and warehouses and accelerating the shipping phase, and, moreover, by dividing shipments in small units.

A valid alternative to civil proceedings is represented by the administrative enforcement. That is because administrative enforcement authorities are able to conduct inspections without previous notice to the infringer, upon request of the right holder, and also are entitled to order the destruction of the counterfeit manufacturing tools. In order to access the administrative



Industrial property rights are not mutually exclusive, but they may complement each other.

enforcement and the related raids aimed at destroying counterfeiting tools and materials, the brand owner has to provide the competent authorities with specific information on the infringing entity (it is common for brand owners to rely on investigators). Once having checked the results of the investigations, the Administrative Authorities carry out their inspections, and then, if the brand owner confirms the counterfeit nature of the seized goods, these will be destroyed and the counterfeiter will be fined (normally a rather small monetary fine).

The critical aspect of the

administrative remedy is that the authorities involved are often not so prepared to take action, and, sometimes, investigations are unsuccessful because infringing entities receive notice of the upcoming raids in advance, so they are able to hide all the relevant evidences.

Within the context of administrative enforcement, enforcing design patents before administrative Courts could deal a heavy blow to infringer, since it is possible to obtain an administrative injunction to destroy the manufacturing machines, which represent the most significant asset of the counterfeiter. The only downside of the administrative enforcement is that it requires the notification of the infringer, just as the civil one.

In conclusion, having considered the complexity of IP Chinese law and the various opportunities of legal protection, a brand owner in the fashion business should evaluate how to protect his products properly, regardless of each individual legal instrument set by law (trademark, design patent, copyright).

In fact, the principle of interdependence of intellectual property rights allows to ensure an adequate level of protection by ensuring each and every aspect of a single product. It is important to understand that industrial property rights are not mutually exclusive, but they may complement each other, and that the simultaneous enforcement of the rights relating to the same product turns to be the more effective way to manage and enhance them. This is what the most successful brand owners have already understood, by affording their goods, at the same time, the protection granted by trademarks, copyrights and design patents.

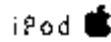
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5

Lessons to Learn from Apple *By Justin Toy*

Over the past couple of decades, Apple has gone from the verge of bankruptcy to being one of the largest and most profitable companies in the world. Most people credit this amazing rags to riches story to Steve Jobs' legendary vision. But how was Jobs, a college dropout who couldn't write a line of code and didn't have an MBA, able to turn around the company he founded and then returned to in 1997? Besides his legendary vision and his attention to design, Jobs was excellent at marketing. Guy Kawasaki, a marketing executive who worked under Jobs in the 80s, said, "Steve was the greatest marketer ever." Here are 5 lessons we can learn from Steve Jobs and Apple and their approach towards marketing.



1. Connect with Your Audience Emotionally

Over the years, Apple has concentrated on creating ads that focus less on selling their product and more on selling an experience. Through storytelling, Apple's print and media ads have been able to connect deeply and emotionally with viewers. They started this trend with a Superbowl commercial called 1984 (released in the year 1984 and was a nod to the George Orwell literary masterpiece, 1984) in which an athletic woman in a colourful outfit holding a sledgehammer (representing Apple) races towards the camera in an effort to save humanity from a "big brother" figure and conformity (representing IBM and Microsoft).

The ad was a huge success and had everyone talking about Apple and their new product at the time, the Macintosh.

When presenting your marketing message, product, or website to potential customers, it's important not to overwhelm them with too much information

During last year's Superbowl, Apple

skipped the expensive primetime ad and instead released a 90-second commercial on its website to commemorate their thirtieth anniversary. The commercial, which was shot using iPhones, was another ad that was extremely successful because it focused on building a strong emotional connection. It's easy to put out information about your products and services, but if you don't find a way to connect with customers and clients, that information isn't going to be well received. Following Apple's example can help you get through to a wider audience and create powerful content that brings tears of joy to the viewer.

2. Keep it Simple



One of Apple's core values is Simplicity. This can be observed in its approach towards design, customer experience, user interface, and even marketing. Step into an Apple store and you can see a large open space that is very clean. The layout is very minimalistic, making the shopping experience extremely easy and straightforward. When presenting your marketing

message, product, or website to potential customers, it's important not to overwhelm them with too much information. Clutter and unnecessary words and images can

create confusion and dissatisfaction. These ideas should not only be applied towards advertisements, but also customer experience and product development. Even if your

product performs its function well; if it's difficult to use, customers will get frustrated and think negatively about your product.

3. Build Speculation and Create Intrigue

Every time Apple announces an event, there is a large amount of speculation regarding what exactly will be unveiled. Jobs was a master of building suspense and surprise. He would provide just enough information to get people interested, but keep the rest secret, making people curious and interested in learning more. Apple's obsession with secrecy and mystery has led to incredible excitement, buzz, and speculation in the run up to its major announcements. These announcements have become such big events that Apple has even

started live streaming them from their website. By the time Jobs unveiled the original iPhone, the world had been buzzing about it for a year. People passed around photos of supposed prototypes. At the same time designers created their own imaginary versions of what an Apple phone might look like. Jobs was also famous for his "One more thing" gesture. Just when you thought a press conference was over, he'd say, "Oh, one more thing," and then unveil something that blew everyone away. While

most marketers rush to tell everyone as much as they can about their product, Jobs did the opposite. He held back information to create intrigue and get people excited.



4. Less is More



Apple devotes a lot of attention to choosing each individual word in marketing messages and advertising with the goal of using as few words as possible. The reason is partly because it aligns with one of the company's core values, simplicity. At the same time, Apple prefers to show rather than tell. Using images and video are far more effective ways to get people's attention and to get them to understand new ideas or concepts.

They are also much more powerful tools to use in storytelling. Written content, especially on websites, should use short concise sentences in order to break up content. This makes content easier to read, allowing people to skim through the sales copy quickly without having to spend a lot of time reading details they already know or don't care about. Check out the Apple website to see elegant design mixed with efficient copywriting.

5. Strive for Cult Status

One of the greatest things Jobs was able to accomplish was to turn customers into passionate advocates for the Apple brand. Jobs and Apple have built probably the most rabid and loyal customer base for a product ever. These are the people who line up outside Apple stores every time there's a new iPhone, even when it's just an incremental improvement over the previous iPhone. These enthusiasts are not just there for the phone.

They've come to show their support for the "team". The same way sports fans will show up hours before a game wearing their team's colours. Apple fans don't think of themselves just as customers, they feel as if they're part of a movement, something bigger than themselves.

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Reform of NDRC on Foreign Debt System



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On September 14th, 2015, the National Development and Reform Commission (“NDRC”) issued the Circular on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Corporates (“Circular 2044”).

The circular aims to facilitate Chinese enterprises and financial institutions to obtain overseas financing from the international capital market. We would like to draw your attention to the following key points and impacts that Circular 2044 has made:

Key Points Briefing

Applicable scope

The circular provides a definition on foreign debts, according to which the new administrative system shall be applicable to offshore debt instruments with a maturity term of more than one year (i.e. long/mid term), either RMB denominated or foreign currency denominated, issued by Chinese enterprises and their controlled overseas enterprises or branches, including bonds issued overseas and long and medium term international commercial loans, etc.

Our observation: based on the above definition, it can be concluded for the purpose of foreign debt control, the overseas subsidiaries and branches controlled by PRC enterprises have been included into the control range. However, as the circular does not further differentiate between domestic enterprises and foreign invested enterprises, the influence on foreign invested enterprises remains uncertain.

From approval to filing system

Before the issuance of Circular 2044, international commercial loans with long or medium maturity terms (i.e. maturity term of more than one year) borrowed by domestic institutions shall be subject to the approval by the NDRC. This approval procedure was normally deemed as the biggest obstacle for domestic entities to issue offshore bond/loans, as the NDRC would check the application and grant its approval on case-by-case requirements.

Upon the issuance of Circular 2044, the case-by-case approving procedure has been replaced with a pre-registration and post-filing system:

- To issue foreign debts, enterprises shall first apply to the NDRC for handling the registration procedure. The applicant shall submit an application report for the issuance of foreign debts and an issuance plan, including the currency, scale/amount, interest rate, maturity of foreign debts, the purpose of the funds raised, and back flow of funds, etc. ;
- The NDRC shall decide whether to accept the application within 5 working days of receiving it and shall issue a Certificate for Registration of the Issuance of Foreign Debts by Enterprises within 7 working days of accepting the application;
- The issuer of foreign debts shall handle the procedures related to the outflow and inflow of foreign debt funds with said certificate, and shall file relevant information of the offshore bond/loan issuance with the NDRC within 10 working days of completion of each issuance.

Our observation: this pre-registration and post-filing system signals the attitude and policies of governments supporting domestic enterprises and financial institutions to raise funds from the international capital markets, which is an incentive policy to the development of local markets.

Procedural review or substantial check

As commented above, in the past, the NDRC would raise detailed requirements on the issuance of foreign debts on a case-by-case basis, which left the applicant lacking any guidance.

Now, the Circular 2044 expressly sets out the following basic requirements:

- The issuer shall have a good credit history, its bonds issued or other debts shall not be in default;
- The issuer shall have sound corporate governance, risk prevention and control mechanisms for foreign debts; and

- The issuer shall have a good credit standing and relatively strong capability to repay its debts

Our observation: building on Circular 2044, this new system aims to reform the administration method in order to facilitate cross-border financing; the applicant shall be responsible for the authenticity, legality, and completeness of the application materials and information. In this sense, we believe the NDRC intends to change the substantial approving method it previously adopted. However, it is still unclear whether the NDRC will follow a simple procedural review or will raise additional requirements.

National quota limit and favoured industries

According to Circular 2044, based on the overall needs of local markets and enterprises, the NDRC shall determine the total quota of foreign debts on a lump sum basis per year. Enterprises and financial institutions shall submit application of registration within the limit of said annual quota. When the limit of the annual quota is exceeded, the NDRC shall make a public announcement and no longer accept applications for registration.

Nevertheless, among the applications, the NDRC will grant priority to the investment in certain construction projects and key areas including “One Belt and One Road”, the coordinated development of Beijing, Tianjin, and Hebei province, the Yangtze River Economic Belt, international cooperation on production capacity, and the manufacturing of equipment.

Our observation: taking into consideration the downside risks of economic growth, the NDRC will continue to encourage PRC enterprises and financial institutions to exploit low-cost overseas funds. In this case, the annual quota shall not be restrictive. However, as Circular 2044 fails to provide details on the priority measurement and method, it leaves the applicant with a lot of uncertainty, especially privately owned and small-scale enterprises.

The circular aims to facilitate Chinese enterprises and financial institutions to obtain overseas financing from the international capital market.

Potential impacts

Upon the enforcement of Circular 2044, the following practical implications and potential influences are worthy of attention:

Impact on the existing foreign debts

It is not clear whether the issuer of existing foreign debts will be required to perform the post-filing procedure. We advise that relevant issuers seek further clarification from the NDRC.

PBOC and SAFE procedures

Circular 2044 states that the issuer shall handle the procedures related to the outflow and inflow of foreign debt funds with Certificate for Registration of the Issuance of Foreign Debts obtained after the registration procedures.

Above procedures related to the outflow and inflow of foreign debts funds are mainly referred to the procedures required by the State Administration of Foreign Exchange (“SAFE”) and the People’s Bank of China (“PBOC”). However, at the time of writing, neither the SAFE nor the PBOC has issued relevant regulations to cooperate with Circular 2044. Therefore, the actual implementation of cross-border remittance of proceeds and interests remains to be seen.

Tax implications

According to the PRC laws, the interests to be paid by the issuer to its overseas creditors can be tax-deductible, but the issuer shall withhold 10% enterprise income taxes, around 5.6% business tax and surcharges from the interests payables to overseas creditors, unless preferential treatment can be applied under relevant double tax treaties.

According to our observation, it will normally be agreed by the Parties that all the taxes and expenses arising from the issuance shall be assumed by the issuer. In such cases, tax planning will be required.

Taking into consideration the downside risks of economic growth, the NDRC will continue to encourage PRC enterprises and financial institutions to exploit low-cost overseas funds.

Conclusion

The development highlighted above represents a substantial step by the NDRC to open international financing markets to local enterprises and financial institutions and shows the attitude of the Chinese central government to further liberalise the foreign exchange control. Detailed implementation rules can be expected to be published in the future.

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Tianjin to be China’s Palo Alto?

By Richard J. Cook



significant factor in drawing upon the countries best and youthful minds to develop the sector. The region is also in the midst of a transportation overhaul, meaning key transport such as the availability of high-speed rail provides good logistics, acting as a key factor in choosing Tianjin Municipality.

Continuing with China’s love of coining peculiar phrases for significant projects, the government described the project by saying it is, “three hearts, seven districts.” To decipher this phrase, it refers to a research and development centre, a business service centre and a logistics and trade centre as the “three hearts.” The “seven districts” refers to the technology park catering the needs for business intelligence, equipment intelligence, environmental protection, energy efficiency, innovative logistics, entrepreneurialism and residential areas. Generally speaking it refers to this project being a significant element to the Beijing-Tianjin inter-regional cooperation zone. More importantly the positioning of the project elaborates further on the formation of an industrial belt, spanning from Beijing, Tianjin to Tangshan, cited back in 2005 from Beijing’s 11th 5-year economic program. This industrial belt is to be the foundation stone for the development of a tri-super city area termed “Jing-Jin-Ji” which we will look at in later articles.

However, there is much competition from within China. Tianjin isn’t the only name to challenge for China’s next Silicon Valley. Shanghai has its own Zhangjiang High-Technology Park and not to mention Suzhou

In the coming years it may well be that Tianjin’s name will be standing beside Silicon Valley or Skolkovo, when it comes to globally acclaimed technology parks. The biggest hint yet came from the Municipal Planning Bureau last month, when it was announced that the next phase of the Beijing-Tianjin High-Technology Industrial Development Zone (HTIDZ) would be constructed in the Tianjin Municipality. This follows the previous establishment of the acclaimed Zhongguancun Science City located in Beijing. For those that have never heard of the Zhongguancun Science City, this is dubbed “China’s Silicon Valley” and is a constantly noted feature for China’s coming economic rebalancing or entrepreneurial drive.

Can Tianjin be China’s ‘Technopole’?

Tianjin’s own science city plan has been initiated and its construction is expected to span over the next 15 years, meaning that developments will come in a gradual fashion. The project will see Baodi, which is located to the north of Tianjin, transformed into a “high end innovation and entrepreneurial base.” The development is expected to draw in hundreds of home-grown Chinese technology companies as well as stirring start-ups in the sector. Tianjin has been selected due to its geo-economical position. Being close to some of the best universities in China and its proximity to Tianjin and Beijing’s combined economic clout is a



successful ventures in developing countries. Also, the briskness in which these HTIDZ's have been constructed has put quality issues to the forefront of debate. Tianjin's own HTIDZ in Baodi, must therefore act as the gravitational epicentre for technological innovations in

remains to be seen how universities in the region would interact with a HTIDZ in Baodi. There doesn't appear to be a 'cluster' formula here, unlike the Zhongguancun Science City in Beijing, which draws upon the young talent from Peking University and Tsinghua.

HTIDZ would be "China's Silicon Valley" and is a constantly noted feature for China's coming economic rebalancing or entrepreneurial drive.

Aside from this, the HTIDZ at Baodi must compete effectively to ensure it does not lose out to other 'technopoles' around China or across the world. A shining example of failure so far would be the Indian models of HTIDZ. India, having to struggle with losing most of its significant technology entrepreneurial class to foreign countries, is attempting a HTIDZ resurgence but with little to show so far.

this sector and overcome issues surrounding quality in China, which is not an easy task.

A successful project in the Tianjin Municipality would see a significant economic cluster debunk, whilst allowing the tailoring of new conditions for the technology sector in this region. The combined efforts of this plan, involving the Zhongguancun Science City and the development at Baodi are expected to raise 1 trillion yuan in revenue. Under current conditions and with the numbers predicted, the versatile pan-Beijing-Tianjin economic belt plan is finally coming together.

Transforming Labour-Intensive Industry

Along with the concepts of HTIDZ models there is the need for Tianjin to ensure that there is a continuous platform for converting the regional population from a labour-intensive industry to the high-tech intensive industry, to generate the desired 'technopole'. Clustering educational establishments together to ferment results is commonplace in China's new educational model. An example would be Tianjin's new Haihe Education Park. However, it

Criticisms

Criticisms in recent years have branded similar schemes of the world's 600+ HTIDZ's as pure slogans of political rhetoric, rather than the true expressional aims of technology sector goals. Several other developing nations, notably Brazil, South Africa, India and Russia have all attempted to stage their own 'Silicon Valley' style technology revolutions, arguably showboating, with little true competitiveness. Yet government subsidies have been required in all the aforementioned countries, partly down to the significant struggle that these home-grown start-ups have to go through. Competing with the already established developed nations' HTIDZ's has proved challenging, thus it is easy to see why governments are so quick to parade

and Shenzhen, both with their own similar projects. As well as this, China has also initiated five other High-Technology Belt initiatives in the last few years, meaning there is ample competition from within.

HTIDZ Townships

The US has set the contemporary trend for the establishment of HTIDZ townships over the last three decades from the staggering success of Silicon Valley. The remarkable success of this township model has been transmitted across the globe and in most cases has been a resounding success for home-grown technology innovation. It has been a long time coming that China desired to draw upon its developing critical mass of entrepreneurship to construct its own global franchise of HTIDZ class. As of 2009 some

economists argued that the 50,000+ high-tech enterprises within HTIDZs were generating close to 10% of China's GDP.

A successful project in the Tianjin Municipality would see a significant economic cluster debunk, whilst allowing the tailoring of new conditions for the technology sector in this region.

With the vast growth of Beijing and Tianjin, an economic cluster has arguably been created within

the region, meaning the viable space needed to allow HTIDZ's to be successful is a serious question. Referring to this issue, the construction of Tianjin's HTIDZ at Baodi will allow certain conditions to attract the entrepreneurial mass needed, whilst freeing it from complex urban dynamics that cities have to combat. The town of Baodi can be regenerated to supply low cost living conditions for potential start-ups, which would otherwise be priced out of the industry in the likes of the Zhongguancun Science City or similar HTIDZ's in Shanghai. Not to mention, Baodi would be somewhat protected from the horrific environmental conditions of Beijing, catering for political perception rhetoric when showcasing technological enhancements in China's huge green sector.

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China introduces self-assessment mechanism to facilitate tax treaty benefits claims



Kelvin Lee, PwC Tianjin

In brief

To respond to the Chinese State Council's Decision¹ in May 2015 on cancelling the application and pre-approval process for claiming tax treaty benefits, the State Administration of Taxation (SAT) promulgated the Administrative Measures on Non-resident Taxpayers Claiming Tax Treaty Benefits (SAT Public Notice 2015 No. 60, PN 60) on 11 September with an effective date of 1 November 2015. The new Measures are to supersede the prevailing Guoshuifa [2009]

No. 124 (Circular 124). PN 60 introduces a new mechanism of self-assessment on the eligibility for tax treaty benefits (reduced taxation or exemption under the relevant tax treaties) by non-resident taxpayers. The pre-approval process or record-filing acknowledgement from the Chinese tax authorities is no longer necessary. Instead, non-resident taxpayers and their withholding agents will be required to file certain prescribed forms and other supporting documents when performing tax filing to justify their claims for the tax treaty benefits. As an important step to streamline tax administration, this cancellation

of pre-approval process or record-filing acknowledgement from the Chinese tax authorities would certainly simplify the prevailing tax treaty benefits claiming procedures. However, the new self-assessment mechanism would demand not only the non-resident taxpayers but also their withholding agents to possess profound knowledge of the tax treaty and tax filing procedures to make an appropriate assessment. Furthermore, this new mechanism, essentially changing from pre-approval methodology to post-tax filing examinations by the Chinese tax authorities, would likely bring uncertainties and challenges to

non-resident taxpayers. To mitigate the relevant tax risks of being challenged on treaty shopping or treaty abuse, non-resident taxpayers or their withholding agents should ensure proper documentation and preferably early communication with their in-charge tax bureaus, where possible.

In detail

Previous procedures under Circular 124

Circular 124 was promulgated in 2009 for the purpose of providing clear and unified procedural rules for non-resident taxpayers to claim tax treaty benefits. It set different procedures for the two different categories of income, namely the pre-approval process for passive income, and the record-filing acknowledgement for active income.

Both procedures (pre-approval and acknowledgement) required the involvement of the Chinese tax authorities before the non-resident taxpayers could enjoy the tax treaty benefits, even though it was obvious that they were eligible. In May this year, following the mega trend of simplifying governmental administrative procedures, the Chinese State Council issued Guofa [2015] No.27¹ and cancelled the pre-approval procedures for tax treaty benefits claims among other changes. Afterwards, the SAT started formulating PN 60 to replace Circular 124.

Highlights of PN 60

The key features of PN 60 are listed as follows:

Obligations of non-resident taxpayers and their withholding agents

Depending on the different categories of reporting, below are the obligations of the non-resident taxpayers and their withholding agents:

- *Self-reporting by non-resident taxpayers: They shall perform*



The Chinese tax authorities will place more focus on post-tax filing examinations instead, which is already reflected in the amount and diversity of the information requested in the new forms.

Assessment of the eligibility to treaty benefits

Non-resident taxpayers and their withholding agents (if applicable) are required to provide a considerable amount of information in the prescribed forms and supporting documents and submit them to the Chinese tax authorities to substantiate the tax residency, types of income, and qualification (e.g. Beneficial Ownership) of the non-resident taxpayer for the tax treaty benefits. Among them, one noteworthy change is in relation to the provision of Hong Kong Tax Resident certificate (TRC). PN 60 has cancelled the SAT Public Notice 2013 No. 53² which effectively implies that a Hong Kong incorporated company can no longer rely on its certificate of incorporation to substantiate its Hong Kong tax residency status. Rather, it would need to provide a Hong Kong TRC to claim tax treaty benefits. Correspondingly, the requirement of obtaining a referral letter from the Chinese tax authorities

self-assessment on their eligibility for tax treaty benefits while filing their tax returns.

- *Circumstances where the payer of that income is legally obliged to be the withholding agent or appointed as such: The withholding agent shall check whether the tax treaty benefits should apply according to the forms and documents provided by the non-resident taxpayers. In such case, however, PN 60 states that non-resident taxpayers shall remain the party responsible for the authenticity of the information and documents submitted to the Chinese tax authorities.*



the purpose of applying a Hong Kong TRC would also be removed³.

More stringent post-tax filing examination by Chinese tax authorities

Following the cancellation of the pre-approval process and record filing acknowledgement in PN 60, the Chinese tax authorities will place more focus on post-tax filing examinations instead, which is already reflected in the amount and diversity of the information requested in the new forms. Apart from the information collection, PN 60 allows the Chinese tax authorities to request the non-resident taxpayers and their withholding agents to provide supplementary information in the examination process. Also, they may invoke the General Anti-Avoidance Rules (GAAR) in accordance with the relevant tax treaty provisions or domestic regulations to investigate the claims. Under such circumstances, the statutory limitation can be extended to as long as ten years. PN 60 states that non-resident taxpayers and their withholding agents can resort to administrative appeals, litigation, or mutual agreement procedures between the non-resident's jurisdiction and China if they disagree with the

Chinese tax authorities' denial of the tax treaty benefits.

Reporting frequency and required documents

Circular 124 provided a 3-year relief on repetitive applications for the same type of income following the approval of the first application. Under the new mechanism, PN 60

PN 60 states that non-resident taxpayers and their withholding agents can resort to administrative appeals, litigation or mutual agreement procedures.

also sets certain rules to reduce the reporting burdens of non-resident taxpayers. As PN 60 has combined tax treaty benefits claim with tax filing, non-resident taxpayers and their withholding agents need to submit the prescribed forms together with the tax returns each time they perform tax filing. However, the requirement for submitting the supporting documents (such as the TRC) may be waived by the tax

authorities for a certain period of time depending on the category of income in order to reduce repetitive submission.

Implementation

Under the previous Circular 124 regime, although the record-filing acknowledgement (without application or pre-approval process) was applied on active income, some local-level tax bureaus still require the claim to be subjected to their thorough examinations before the non-resident taxpayer could enjoy the tax treaty benefits. Therefore, it is important to see how PN 60 will be implemented at the local levels after the removal of the procedures. Besides, the removal of pre-approval procedures in tax treaty benefits claim is closely related to the revamping of outward payment remittance procedures. It is understood that China is relaxing its forex administration and the filing procedure prescribed in the Public Notice [2013] No.40⁴ on outward payment remittance may be abolished in the near future. It is anticipated that the payer (withholding agent) will be able to repatriate China-sourced income to the non-resident taxpayer in a more efficient timeframe following this abolishment.

The takeaway

PN 60 introduces a new mechanism to bring about convenience and efficiency in granting tax treaty benefits and thus speeding up the repatriation of funds, which non-resident taxpayers should welcome. However, such positive impact comes with greater responsibilities and uncertainties on the part of non-resident taxpayers and even their withholding agents which should not be neglected. From the perspectives of non-resident taxpayers, given the complexity of the prescribed forms and the intrinsic difficulty in assessing the tax position, they should possess profound



knowledge of the tax treaty and tax filing procedures to make an appropriate assessment. Also, as they are not able to get certainty from the Chinese tax authorities in advance like in the past, proper documentation and early communication with the in-charge tax bureaus are advisable in order to avoid potential controversies after their claims. Furthermore, they should have an overall understanding of their business arrangements and investment structures as this is essential to secure tax treaty benefits with a reasonable business purpose and sound business substance. PN 60 is silent on the legal consequences for the non-resident taxpayers and their withholding agents if their tax treaty benefits claims are denied by the tax authorities in post-tax filing examinations. However, in accordance with the China Tax Collection and Administrative Law (TCAL) and Corporate Income Tax Law, the non-resident taxpayer will be

subjected to late payment surcharge, interest and/or penalty on the tax underpaid, depending on the reasons for the denial of the claim. For the withholding agent, if it fails to perform its assessment as prescribed or commits errors in the assessment which results in the tax treaty benefits being claimed mistakenly, it may also be liable to the legal liability stipulated in the TCAL⁵. To circumvent the obligations or to mitigate the compliance burden imposed by PN 60, we anticipate that some of the withholding agents may withhold taxes at the domestic tax rates and leave it to the non-resident taxpayers to apply for the tax refund, especially in circumstances where the withholding agent and the non-resident taxpayer hold

different views. Although the non-resident taxpayer may apply for tax refund within the 3-year time frame stipulated in the TCAL, the application process for tax refund is generally challenging and time-consuming in China.

Endnote

1. For more details of Guofa [2015] No. 27, please refer to our News Flash 2015 Issue 23.
2. For more details of Public Notice 2013 No. 53, please refer to our News Flash 2013 Issue 25.
3. Please refer to our upcoming News Flash 2015 No. 41 which addresses this issue in detail.
4. For more details of Public Notice 2013 No.40, please refer to our News Flash 2013 Issue 18.
5. A penalty ranging from 50% to 300% of the amount of the taxes shall be paid depending on the facts and circumstances.

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Quick steps to build a proper budget for your company



Marwan Emile Faddoul
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www.nfgconsulting.com



Running a business often requires owners to carefully plan and review their finances.

A few weeks ago, Lisa, the owner of a startup software company and a close friend of mine came to my office, greeted everyone, and then said: “Marwan, I need to prepare our company’s budget for the coming year, I would love to finish it within the next two weeks, and I have no idea where to start.”

Budgeting helps you balance your expenses with your income. In other words, a budget is like a dashboard in an airplane cockpit that tells the captain the status of his airplane. Among these measuring instruments, important zones are marked out: red zone (if the needle goes too high that’s bad!) and green zone (that’s where we want to be).

I asked Lisa to take a seat, and before proceeding with her request, I started to ask questions to better understand her situation. So I said: “Lisa, what is it that makes you feel that you need a budget? What is the benefit you are trying to achieve?” She stayed silent for a few seconds, so I proceeded: “The budget can be presented in different ways depending on the need you are looking for. A budget can be requested by current investors to know the exact amount of money they need to inject for the year to come. A budget may also be conducted to minimise cost. In some case, investors may want a budget to tell them how much money they should inject in the first year in order to maximise ROI, even if this requires spending more.”

Lisa looked at me and replied: “I want a budget, because I am worried about each department overspending, I want to use the budget as a tool to bring rampaging costs under control.” I noted her request and told Lisa: “We are going to create a budget that will allow your company to control expenses. In order to reach our objective the following steps should be implemented.”

First of all, take the company as a whole and divide it into partitions. In Lisa’s case we will divide the company into departments, and product lines. The departments include the ones that help generate revenue, like the sales and marketing department, and the ones that bring support to the firm, like human resources, and the finance department. Regarding the product lines, we will simply present the different products she’s currently working on as well as the new products she will develop in the coming 12 months. Note that each product line and department has its own expenses and needs its own budget forecast.

Second of all, we build our baseline. Here we rely a lot on the company’s previous expenses. Initially we build our framework for each product line and department. If we take for example the sales department expenses, it should include: salaries (fully loaded), support functions (computer, booklet, etc.), sales training, as well as all external expenses like business trips and client gifts. After presenting all current expenses, we focus on the company’s short and medium term goals. To do that we need to sit with each head of division and acquire the main goals this division needs to achieve during the period of which you are budgeting. For example, for your sales department you might be aiming to increase your gross sales by 5%. For your administration department you might want to decrease your administrative costs as a percentage

of revenue by 3 points, or might want to reduce inventories by 2% by the end of the fiscal year. Note that your budget should be ambitious but also realistic, so make sure not to map out a budget that you can’t meet, but don’t underestimate the possibilities.

Budgeting helps you balance your expenses with your income.

Third of all, we need to develop ways to reach each department and product line objective, eventually either reduce or increase elements in your list of expenses. If we take into account the objective of the sales and administration department, how can you generate more revenue? Will you need more sales representatives? Where can you cut costs or reduce inventories?

A budget is like a dashboard in an airplane cockpit that tells the captain the status of his airplane.

Now, once we have the updated list of expenses that needs to be conducted to reach each division’s objective, we move to our last stage. Here we

build our assumptions; since we are developing a forecasted budget, we need to create projections by adding assumptions to current data. Look hard at the assumptions you’re making. Let’s suppose you think sales will rise by 10% in the coming year if you add two more people to your unit. Explain what you’re basing that assumption on, and show a clear connection to at least one strategic goal (in this case, it’s probably to increase sales by a certain percentage). For some office supply expenses, getting the average of previous expenses and projecting it to the future with a percentage increase, could be a solution. For other expenses, like individual income tax and the company’s income tax, it is important to present them at the day payment is due. Lastly, for inventory expenses, making assumptions based on a high or low sales season is an important factor to take into consideration. Last but not least, once you have your forecasted budget table, it is important to benchmark your work to similar companies in your industry, and see if you are implementing a logical reasoning.

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Mr. Howard Li

*Director of Sales & Marketing
Hyatt Regency Tianjin East*

Mr. Howard Li has been appointed as Director of Sales & Marketing for Hyatt Regency Tianjin East. Mr. Li is a graduate of the University of St Andrews, UK, with a Master Degree in Marketing. He also acquired a Bachelor Degree in Tourism Management from Tianjin University of Commerce. Mr. Li started his career in the hospitality industry in 2004 at Renaissance Tianjin TEDA as account executive. Two years later, he went to the UK for further study. After graduation he worked for General Electric (GE) in London as European Marketing Associate for one year and also gained rich experience in a variety of positions at Dorsett, IHG and Marriott in China. Mr. Li joined Hyatt in 2010 as Associate Director of Sales of Hyatt on the Bund. Prior to his new assignment he was in the position of Director of Sales at the Ritz-Carlton Tianjin where he was in charge of the entire sales & marketing team.



Mr. Michael Cui

*Director of Food and Beverage
Hyatt Regency Tianjin East*

Mr. Michael Cui has been appointed as Director of Food and Beverage at Hyatt Regency Tianjin East. In this role, Mr. Cui will oversee all food and beverage operations and management at the hotel. Mr. Cui started his career in the hospitality industry in 1994 at Hilton Beijing, and joined Hyatt in

2001. He was a management trainee at Grand Hyatt Hong Kong, before being promoted to Banquet Operations Manager of Grand Hyatt Beijing. Prior to his new assignment, he was the Director of Food and Beverage at Hyatt Regency Jing Jin City Resort and Spa, where he successfully helped to oversee the 2012 and 2014 Tianjin Summer Davos themed outdoor events.

Working for over 20 years in banqueting and catering services, Mr. Cui has extensive experience in hotel operations. He now oversees one of Tianjin's most exciting dining destinations as Director of Food and Beverage at Hyatt Regency Tianjin East. He is responsible for directing banquets, in-room dining, three hotel outlets and other food and beverage related operations.

Ms. Ellen Zhang

*Marketing Communication Manager
Pan Pacific Tianjin*

Ms. Ellen Zhang has been appointed as the Marketing Communication Manager of Pan Pacific Tianjin. Ms. Zhang has 10 years of experience in the hospitality industry and has worked for well-known brands and properties such as Renaissance, the TEDA International Hotel & Club and the Hotel Nikko Tianjin.

Her latest role was as Marketing Communication Manager of the Hotel Nikko Tianjin. She was also involved in the opening ceremony of the TEDA International Hotel & Club and in the early publicity and planning activities which preceded the opening of the Hotel Nikko Tianjin.



Mr. JimO

*Executive Chef
The St. Regis Tianjin*

The St. Regis Tianjin is delighted to announce the appointment of Mr. JimO as Executive Chef.

JimO started his culinary Journey in 1990 and joined Starwood Hotels & Resorts with Sheraton Manikar Hotel in 1993. From 2003, he was appointed as Executive Chef in different hotels, such as Renaissance Sandakan Hotel, Angkor Century Hotel, ACCOR-Pullman Kuching Hotel, Sheraton WGQ Shanghai and Sheraton & FP Shenzhou Peninsula Hainan Island. Before joining our hotel, he was the Executive Chef of The Westin Chongqing Liberation Square, and also member of the pre-opening team, allowing this hotel to open successful. Chef JimO, a creative and highly motivated individual, has a passion for exploration and excellence in his chosen field. His career has given him the opportunity to enable opportunity to fuse cuisines from Asia, Europe & the Middle East, and create new recipes.

With over 25 years of experience in the hotel industry and seasoned kitchen management experience, Mr. Martin Leclerc said: "we believe JimO will lead his team to make great achievements at The St. Regis Tianjin."

Past Events:

Insights on Tianjin Pilot Free-Trade Zone

Date: September 24th, 2015, 2:00pm – 5:00 pm

Venue: The Westin Tianjin



On September 24th, led by Mr. Jiang Guangjian (蒋光建), Deputy director of Tianjin Pilot Free-Trade Zone administration, 10 government officials came to Tianjin chapter's Insights on Tianjin FTZ.

The meeting began with Mr. Jiang's general introduction about how the FTZ has been operated since the official approval on April 22nd. Following his presentation, officials from

different departments or administrative areas gave detailed explanation on the relevant policies, differences from that of the 3 FTZs in other cities and issues that have occurred in some practical cases.

In the Q&A officials answered a bunch of questions regarding members' daily operations or the company's future strategy.



AmCham China

T I A N J I N

中国美国商会·天津

Tianjin Monthly Executive Breakfast Briefing

Almost 40 members and friends gathered at the salon of Ritz-Carlton, Tianjin in the morning of October 15th to listen to briefings from three officials from the U.S. Embassy in Beijing. Cathy Feig from the Commercial Section, Doug Ostertag and Mike Elkin from the Economic Section gave an overview of Obama-Xi Summit Outcomes, the Trans-Pacific Partnership, the Bilateral Investment Treaty, the Joint Commission on Commerce and Trade and updates on visa policies. Attendees also discussed issues that U.S. companies in Tianjin are facing post the explosion.

The Monthly Executive Breakfast is becoming a signature event for the Tianjin Chapter, providing members an excellent opportunity to meet Tianjin's Executive Committee members. The next one will be held on April 16th.



Upcoming Events:

Writing Skills Training: Writing to Influence Email Communication Workshop for HR Professionals

Date: November 5, 2015

Time: 1:30pm – 5:00pm

Venue: The Westin Tianjin

Monthly Executive Breakfast Briefing

Date: November 19, 2015

Time: 7:15pm – 9:00pm

Venue: The Ritz-Carlton, Tianjin

2015 China Tax & Business Seminar: The Development of China's Tax Policy under the Environment of Boosting Economy

2015年度税务及商务研讨会 – 促经济增长环境下中国税收政策的发展

Date: November 19, 2015

Time: 1:30pm – 5:00pm

Venue: Renaissance Tianjin Lakeview Hotel

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

Past Events:

10th Annual Business Gala Dinner



The European Chamber Tianjin Chapter hosted its 10th annual business gala dinner on 16th October. Themed 'Festival Celebration', members and invited guests celebrated the 10th anniversary of European Chamber's Tianjin Chapter.

The Gala Dinner is the premier networking event of the year in Tianjin, with a night of appetising European cuisine, tasty beverages and entertainment. The event was attended by both chamber-member companies and professionals from the Tianjin business community.

The elegant and welcoming atmosphere provided the guests with the perfect occasion to exchange information, share resources and build connections. We are extremely proud of the participation from our members and the support we received from our associates in organising such a successful gala! It proved to be another memorable European night and signified a new start for the Tianjin Chapter.

We would like to take this opportunity to thank all the sponsors for their generous support to make this great event happen: Airbus, ChenYi Law Firm, Goglio, Heng An Standard Life, Shangri-La Hotel, Siemens, Tianjin MIFC, Wago, Wellington and Hebei Wanguohong.



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Chamber Reports

Past Events:

**Interchamber Breakfast Seminar
- Current HR and Labour Issues
for Chinese and Expatriates in China
15.10.2015**



On October 15, 2015 the German Chamber of Commerce together with the EUCCC organised this Breakfast Seminar about “Current HR and Labour Issues for Chinese and Expatriates in China”. During his presentation, Dr. Kuang-Hua Lin, President of Asia-Pacific Management Consulting GmbH, spoke about major concerns of European and German companies in China, including fast rising labour costs and high personnel turnover. Furthermore, he introduced current proven measures to tackle these challenges. After the presentation, participants asked their questions and enjoyed the networking time.

**Special Event – 3rd German Chamber
Soccer Cup Tianjin 2015
18.10.2015**

On October 18, 2015 the German Chamber held its 3rd German Chamber Soccer Cup Tianjin 2015 on the premises of the International School of Tianjin (IST). Altogether 150 players of ten teams and about 200 visitors joined the event. After exciting group and semifinal games, Team Volkswagen and Team Airbus competed for the cup in the final match. With a score of 1:0, Team Volkswagen turned out to be the winning team of this year's tournament, taking home the cup for the second year running.

Besides the matches, participants could win one of 800 prizes at the target shooting competition while kids had fun at the bouncy castle and the soccer area for kids. Further, all attendees had the chance to enjoy culinary specialties at the nearby picnic area. For pictures and more information, please visit our website at www.deutscher-kammerpokal-tianjin.de.



Upcoming Events:

**Interchamber Breakfast Seminar - Lean
Culture Change Management: How
Real Teamwork and Neuro-leadership
Make You a More Successful Company**

Date: November 4, 2015

Time: 7:30am – 9:00am

Venue: The Astor Hotel Tianjin

Kammerstammtisch Tianjin

Date: November 25, 2015

Time: 7:00pm – 10:00pm

Venue: Drei Kronen 1308 Brauhaus Tianjin

**Interchamber Tax Seminar - The
Development of China's Tax Policy
under the Environment of Boosting
Economy**

Date: November 19, 2015

Time: 1:30pm – 5:00pm

Venue: Renaissance Tianjin Lakeview Hotel

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

Starwood Hotels & Resorts Gears Up for 'Run to Give' Charity Run Across Asia Pacific

Five Hotels in Tianjin Unite in Support of
Wings of Care & World of Art Brut Culture

Starwood Hotels & Resorts Asia Pacific announced that its 'Run to Give' charity run has taken place in 105 locations across Asia Pacific on 11st October 2015. As part of this Asia Pacific-wide initiative, The St. Regis Tianjin, The Astor Hotel, a Luxury Collection Hotel, Tianjin, The Westin Tianjin, Sheraton Tianjin Hotel and Sheraton Tianjin Binhai Hotel joined hands to organise the event in support of Wings of Care & World of Art Brut Culture.



Started in 2014 as Hotel Charity Run, the inaugural event saw an overwhelming response of over 20,000 runners take part in 92 locations across Asia Pacific; raising a total of close to USD 228,000. Associates from Starwood hotels all over the region organised these unique runs to raise funds for a local charity in which their hotels operated in. This year, the run took on the official event name 'Run to Give' – chosen amongst close to 500 internal submission entries, best representing the spirit of the charity event.

Mr. Peter Nast, General Manager of The Astor Hotel, a Luxury Collection Hotel, Tianjin said:

“Care for Community is a driving value for us with Starwood Hotels & Resorts. I am elated to see so many participants joining us and run, with generosity and love on their mind. We really hope those children who need help can benefit from this event.”

“Run to Give” gathered more than 500 participants, including Starwood associates, running enthusiasts and philanthropists from Tianjin. The famous movie and television series star & singer – Mr. Lei Nuor also attended as Charity Ambassador of the event. Mr. Peng San, a famous musician

sang to cheer up all the runners.

Financial Street Holding Tianjin sponsored CNY 30,000 for Wings of Care and General Manager Li Liang delivered the check to the representative from the charity organisation. Over CNY 60,000 in funds were raised from this activity (including CNY 40,000 in cash and CNY 20,000 in-kind donations collected through the charity run in Tianjin. It will all go towards Wings of Care and World of Art Brut Culture to support programmes for children with biliary atresia.



Two-Year Anniversary @ The Ritz-Carlton, Tianjin



The Ritz-Carlton, Tianjin is located in the former British Concession and is one of the most iconic buildings in this captivating city. The hotel celebrated its second anniversary on October 18th, 2015.

“Celebrating our Second Year Anniversary is a great feeling of accomplishment for all of the Ladies and Gentlemen of The Ritz-Carlton, Tianjin. It is also a time to reflect over the past 24 months and to look forward to what comes next. Over the past two years, we have been striving to deliver the finest personal services and experience to all our guests. We hope that we have been able to create exceptional memories for our guests, the kind of experiences that will stay with them forever. We are very proud to be part of the Tianjin community and

will continue to maintain The Ritz-Carlton hotel as the best Luxury Hotel in Tianjin,” said Vincent Billiard, General Manager of The Ritz-Carlton, Tianjin.

Since The Ritz-Carlton hotel opened in Tianjin in October 2013, it has consistently created unforgettable experiences for guests that exceed their expectations. Over the last two years, The Ritz-Carlton, Tianjin has won 30 awards. Such accolades include being ranked among the Gold List and Readers Choice of 2014 and 2015 by the prestigious Condé Nast Traveler, being selected as Best Hotel for Meeting Experience by Travel Weekly, and being awarded as the Best Luxury Hotel by World Traveler.



The hotel has also catered a number of high-profile events including the Davos World Economic Forum, assisted 130 newly-weds in achieving their perfect fairy-tale wedding, and created wonderful life-long memories for over 80,000 guests. Thanks to its commitment to its guests and customer service, within the two years of opening, The Ritz-Carlton, Tianjin ranked first in social media among Tianjin's 5-star hotels, consistently proving its excellence among The Ritz-



Carlton Hotels in Asia Pacific. The Ritz-Carlton, Tianjin was honoured with the Certificates of Excellence by earning a rating of 4.8 out of 5 on Tripadvisor.com and 9.2 out of 10 in Booking.com. The top quality service that the hotel provides leaves a long-lasting impression, creating countless touching stories for guests who stay at The Ritz-Carlton, Tianjin.

In the two years since it opened, The Ritz-Carlton Tianjin has fulfilled its social and environmental responsibility through the Community Footprints programme and its active involvement in three causes: protecting the environment, child welfare, and hunger and poverty relief in Tianjin.

Upon reaching its second anniversary, The Ritz-Carlton, Tianjin will continue to create more unforgettable memories and brilliant experiences for guests, enhancing the legendary service of The Ritz-Carlton.



First Year Anniversary Celebration @ Pan Pacific Tianjin

On October 18th, 2015 Pan Pacific Tianjin's anniversary celebration event was held in the hotel lobby. Corporate guests, media and charity organisations were all invited and more than 70 people attended the celebration.

General Manager Mr. Reinhold Johann gave a speech on behalf of the hotel management team. He extended their warmest welcome & sincere gratitude to all the guests.

A lively lion dance, balloons, ice engraving and birthday cake all helped create a sense of occasion. The hotel's purpose is to create “Great Brands, Great Hotels, Great People and Great Relationships,” so the focus of the Pan Pacific Tianjin is not only on the hotel's development but also on giving back to society.



During the buffet dinner, there was a lucky draw that had a charity agenda. All donations made during the draw were sent to help schools in poverty-stricken areas. The money will be used to buy school supplies that can help children hope and achieve their dreams.

Pan Pacific Tianjin opened in October 2014 with 289 guestrooms and 30 serviced suites. This brand new property features a state-of-the-art fitness centre, four restaurants and bars and 10 flexible meeting spaces including a 640-sqm pillar-less ballroom.



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★★★★★ Hotels

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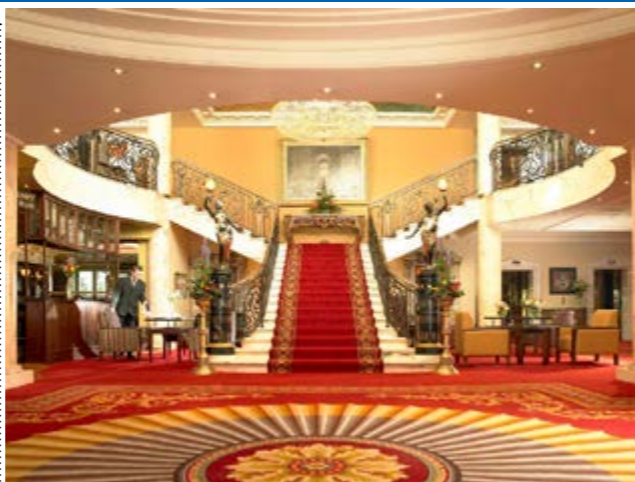
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SERVICES

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
W: tianjin.weebly.com

European Chamber
A: 41F, The Executive Center,
 Tianjin World Financial Center, 2
 Dagubei Lu, Heping District
T: +86 22 5830 7608
E: tianjin@european-chamber.com.cn
W: european-chamber.com.cn

American Chamber
A: Room 2918, 29F, The
 Exchange Tower 2, 189 Nanjing Lu
 Heping District
T: +86 22 2318 5075
F: +86 22 2318 5074
w: amchamchina.org

German Chamber
A: Room 1502, Global Center, No.
 309 Nanjing Road, Nankai District,
T: +86 22 8787 9249
E: tianjin@bj.china.ahk.de

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T: +86 22 2318 5111
W: executivecentre.com
 天津德事商务中心
 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: 8th Tianjin Centre, No.219 Nanjing
 Road, Heping District
T: +86 22 2317 0333
Regus Golden Valley Centre
A: 11th Floor, Block One, Golden
 Valley Centre, Heping District
T: +86 22 5890 5188
W: www.regus.cn
 雷格斯天津中心
 和平区南京路219号天津中心8层
 雷格斯金谷大厦中心
 和平区金之谷大厦一号楼11层

HEALTH

Hospitals



International SOS Tianjin and TEDA Clinics (Tianjin address and number here)
A: 102-C2 MSD, 2nd Avenue,
 TEDA Binhai Area, Tianjin 300457
T: +86 22 6537 7616
 天津经济技术开发区第二大街
 泰达现代服务区C2座102室



Tianjin United Family Hospital
A: No.22, Tianxiao Yuan
 Tanjiang Dao, Hexi District
T: +86 22 5856 8500 (Reception)
 24 Hour Emergency:
T: +86 22 5856 8555
W: ufh.com.cn
 天津和睦家医院
 河西区潭江道天潇园22号



Women's and Children's Specialized Health
A: No.21, ShuiShangGongYuan
 East Road, Nankai District
T: +86 22 5898 2012
W: amcare.com.cn
 美中宜和医疗集团天津美中宜和
 妇儿医院
 南开区水上公园东路21号

Arrail Dental Tianjin International Building Clinic
 和平区南京路75号天津国际大厦302室
A: Rm 302, Tianjin International
 Building, No. 75 Nanjing Rd,
 Heping District, Tianjin PRC
T: +86 22 2331 6219/10/67
 24Hr Emergency Line:
 150 0221 9613
W: arrail-dental.com

Gyms

Powerhouse Gym
A: Binjiang Shopping Center, Kaifeng
 Dao, Xiaao 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

Leo GYM
A: 3 Floor, Olympic Center
 Stadium Swimming Diving Hall,
 Binshui Xi Dao, Nankai District
T: +86 22 6097 6681
W: leogym.com.cn
 力奥健身
 天津市南开区滨水西道奥林匹克游泳跳水馆

DINING

TEDA & TANGGU

Brazilian

Salsa Churrasco
A: 11F, Holiday Inn Binhai Tianjin No. 86, 1st Avenue, TEDA
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
A: 11F, Holiday Inn Binhai Tianjin No. 86, 1st Avenue, TEDA
T: +86 22 6628 3388 ext. 2730
 寿司吧
 开发区第一大街86号天津滨海假日酒店11层

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
 开发区第二大街50号天津滨海喜来登酒店2层

Western

Brasserie Restaurant
A: Renaissance Tianjin TEDA Hotel & Convention Centre No. 29, 2nd Avenue, TEDA
T: +86 22 6621 8888 ext. 3711
 万丽西餐厅
 开发区第二大街29号天津万丽泰达酒店及会议中心



Feast All Day Dining Restaurant
A: 1F, Sheraton Tianjin Binhai Hotel No. 50, 2nd Avenue, TEDA
T: +86 22 6528 8888 ext. 6210
 盛宴全日西餐厅
 开发区第二大街50号天津滨海喜来登酒店1层

Blue Frog 蓝蛙
A: Unit 3009, Riverside 66, No. 166 Xing'an Road, Heping District, Tianjin
 天津市和平区兴安路166号恒隆广场3009室
T: +86 22 23459028

BARS

Happy Soho Live Music & Dance BAR
 (Opposite of Central Hotel)
A: No. 16, Fortune Plaza, Third Avenue, TEDA
T: +86 22 2532 2078
 欢乐苏荷酒吧
 开发区第三大街财富星座16号(中心酒店对面)

Education

Tianjin TEDA Maple Leaf International School
A: No. 71, 3rd Avenue, TEDA
T: +86 22 6200 1920
 天津泰达枫叶国际学校
 开发区第三大街71号

TEDA International School
A: No. 72, 3rd Avenue, TEDA
T: +86 22 6622 6158
 泰达国际学校
 开发区第三大街72号

SERVICES

Hotels

Holiday Inn Binhai Tianjin
A: No. 86, 1st Avenue, TEDA
T: +86 22 6628 3388
 天津滨海假日酒店
 开发区第一大街86号

Renaissance Tianjin TEDA Convention Centre Hotel
A: No. 29, 2nd Avenue, TEDA
T: +86 22 6621 8888
 天津万丽泰达酒店及会议中心
 开发区第二大街29号

Sheraton Tianjin Binhai Hotel
A: No. 50, 2nd Avenue, TEDA
T: +86 22 6528 8888
F: +86 22 6528 8899
W: sheraton.com/tianjinbinhai
 天津滨海喜来登酒店
 开发区第二大街50号

Crowne Plaza Tianjin Binhai
A: No.55 Zhongxin Avenue Airport Economic Area, Tianjin
T: +86 22 5867 8888
 天津滨海圣光皇冠假日酒店
 天津市空港经济区中心大道55号

HILTON TIANJIN ECO-CITY
A: No. 82 Dong Man Zhong Lu, Sino-Singapore Eco-City, Tianjin, P.R. China 300467
T: +86 22 5999 8888
F: +86 22 5999 8889
E: tianjinecocity.info@hilton.com
W: tianjinecocity.hilton.com
 天津生态城世茂希尔顿酒店
 天津市中新生态城动漫中路 82号

Apartments

TEDA, Tianjin – Marriott Executive Apartments
A: 29 Second Avenue TEDA, Tianjin
T: +86 22 6621 8888
 天津泰达万豪行政公寓
 天津经济技术开发区第二大街29号

HEALTH

Spas

Touch Spa
A: 2F, Renaissance Tianjin TEDA Hotel & Convention Centre No. 29, 2nd Avenue, TEDA
T: +86 22 6570 9504
 开发区第二大街29号天津万丽泰达酒店及会议中心

Yue Spa
A: 15F, Holiday Inn Binhai Tianjin No. 86, 1st Avenue, TEDA
T: +86 22 6628 3388
 开发区第一大街86号天津滨海假日酒店15层

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 Centre
A: 15F, Holiday Inn Binhai Tianjin No. 86, 1st Avenue, TEDA
T: +86 22 6628 3388 ext. 2960
 天津滨海假日酒店健身中心
 开发区第一大街86号天津滨海假日酒店15层

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07:00, 08:00, 09:00, 10:00 then every 30 minutes until 23:00. Exit on the 1st floor at Gate 15 / Terminal 2 and Gate 1 / Terminal 3. Tel: +86 10 6455 8718

TEDA-BEIJING AIRPORT Shuttle Bus ¥90 one way

TEDA - Beijing Airport Terminals 2/3
 06:45, 08:45, 14:45, 17:15. 1st Avenue, TEDA. Tel: +86 22 6620 5188

Beijing Airport Terminals 2/3 - TEDA

10:30, 13:00, 18:30, 20:30. Exit on the 1st floor at Gate 15 / Terminal 2 and Gate 1 / Terminal 3. Tel: +86 10 6455 8718

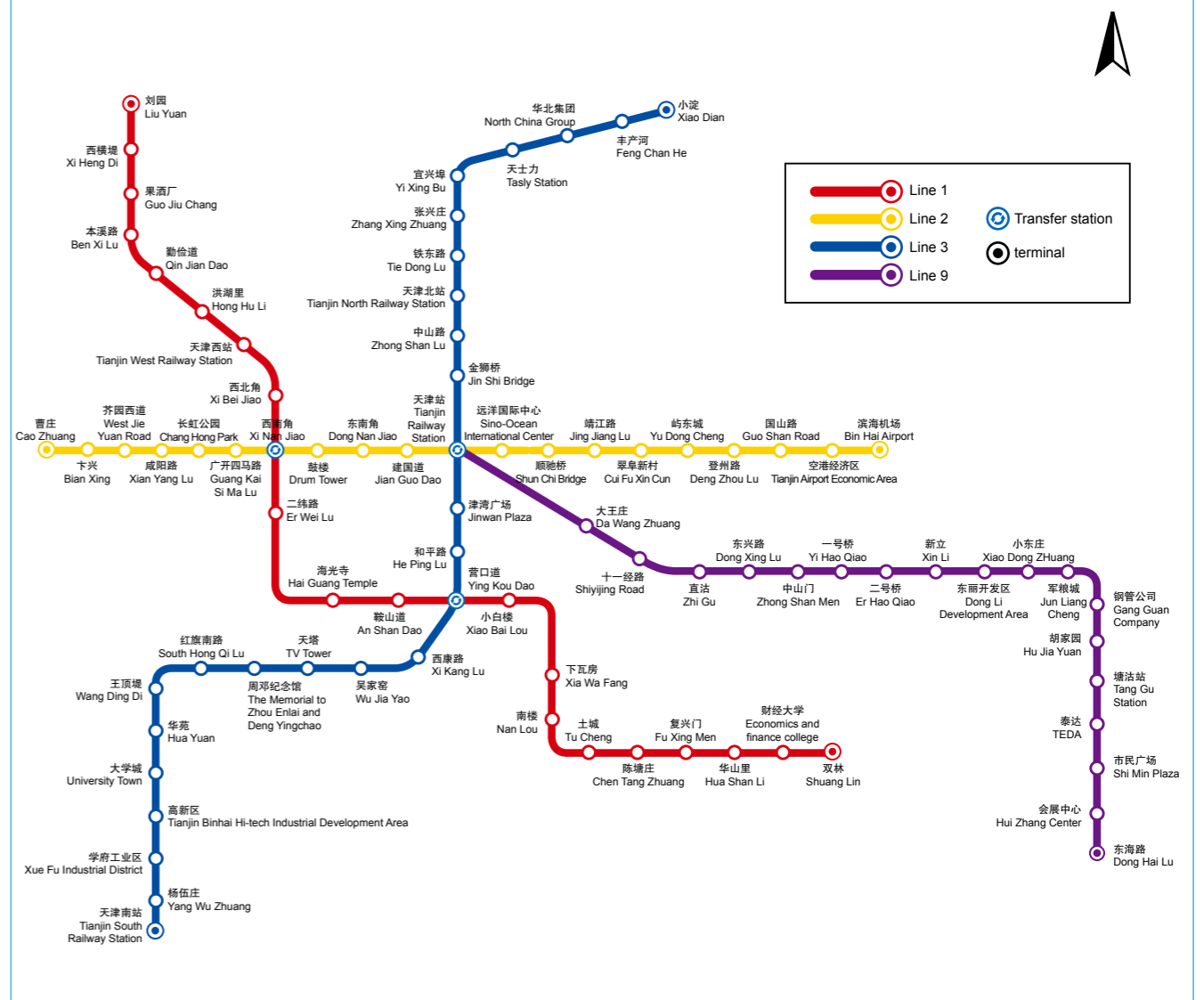
BULLET (C) TRAIN

TJ ~ BJS (¥55 - ¥66)			BJS ~ TJ (¥55 - ¥66)		
Train	Tianjin	Beijing	Train	Beijing	Tianjin
C2002	06:25	06:55	C2001	06:35	07:05
C2094	22:45	23:15	C2093	23:00	23:30

TG ~ BJS (¥66 - ¥80)			BJS ~ TG (¥66 - ¥80)		
Train	Tanggu	Beijing	Train	Beijing	Tanggu
C2274	12:40	13:10	C2273	10:45	11:15
C2280	20:25	20:55	C2279	18:50	19:20

Wuqing ~ BJS (¥39 - ¥46)			BJS ~ Wuqing (¥39 - ¥46)		
Train	Wuqing	Beijing	Train	Beijing	Wuqing
C2202	06:53	07:18	C2201	06:45	07:07
C2232	20:43	21:08	C2231	21:15	21:37

TIANJIN SUBWAY



Crossing the Haihe
by Nadia N.

Some European cities carry the title “City of bridges”, and Tianjin, which merges European and Chinese culture and architecture, deserves it somehow. Haihe River divides Tianjin in two parts and has an impressive number of crossings that are all made to be different and special. Let’s take a closer look at some of them.



JieFang Bridge



Tianjin Eye



If you happened to take a walk around Jingwang Plaza and the Tianjin Train Station, you most likely noted a curious construction – a bridge made of wood and steel, filled with history and memories. JieFang Bridge or Liberty Bridge is one of the most historical ones

JieFang Bridge, 解放桥

bridges in Tianjin and is therefore cherished by Tianjianers more than any modern bridge. Built by French

JieFang Bridge is one of the most historical ones in Tianjin.

architect Gustave Eiffel in 1927, it is the oldest bridge in Tianjin that is still open to road traffic. People also take casual walks across it, some retailers sell hand-made souvenirs

and phone accessories, tuk-tuk drivers scream their famous “Ta-Ke-Si” and even wedding photos are taken somewhere along the expanse. Even though the bridge was under extensive reconstruction for a long time, from 2008 JieFang Bridge opened from time to time to let leisure boats pass. As for its perfect location – in the heart of the old British concession – JieFang Bridge is a great place to snap pictures, especially in the early morning, when its usual inhabitants have still to arrive.

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Stone Lion Forest Bridge, Shizilin Qiao, 狮子林桥



Not many people, even experienced Tianjin expats, know about this charming bridge. From afar, it looks like nothing but a usual white stone construction, connecting the Ancient Culture Street with Wanghailou Church. However, if you have time to go and explore the hidden beauty of this bridge, it won’t disappoint you. It was built in 1973, but designed to look far more traditional and historic. If you take a closer look at its design, you can find yourself being surrounded by an army of carved lions. The size of these proud guardians of the crossing varies – some of the lions are as big as an apple, others almost like the real thing. Of course, don’t forget to pay attention to one curious detail – all of the animals have different expressions on their faces, as is often done in traditional Chinese architecture. So, you can always find one that looks exactly like how you feel!



Bei’an Bridge, Bei’an Qiao, 北安桥

This milky golden bridge is one of the most famous spots in Tianjin, and was made to become a great companion for the neighbouring architecture of the Italian Style Town. It is actually one of the calling cards of the city. Don’t let it fool you – in spite of its appearance; it’s one of the youngest bridges in Tianjin. It was only constructed in the 1970s, and is a replica of the Pont Alexandre III in Paris. White masonry and giant brass statues look elegant and chic in the evening under illumination, but unfortunately, it retains a plastic and less than authentic feel. Nevertheless, it is worth a visit, at least to enjoy the panorama it provides – Hai River, skyscrapers, and the nice riverside view.

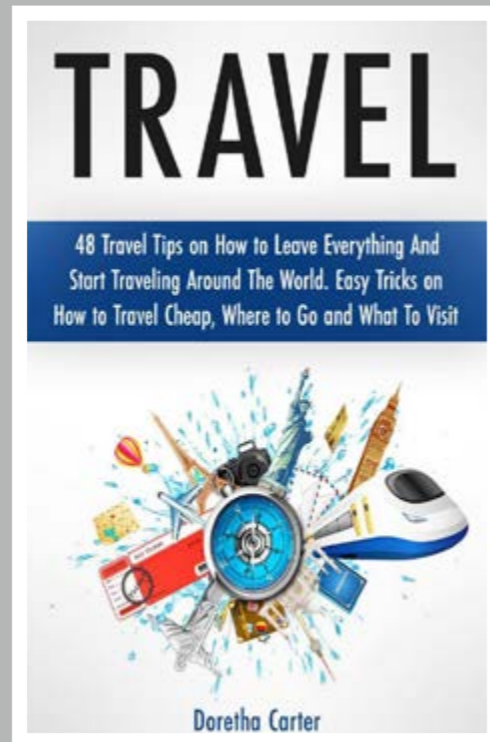


Cihai Bridge and Tianjin Eye, 慈海桥

Everybody who has taken a trip to visit the Tianjin Eye, pay attention- it is actually on a bridge! It is worth a visit just to experience and see the only Ferris wheel in the world that was built over a bridge. This crossing is a baby among Tianjin bridges- it was constructed in 2007 and opened in 2008. Now every day – when the weather and pollution allow – the Tianjin Eye carries tourists and locals up and down to enjoy the beautiful Tianjin view. As with Bei’an Bridge, the Tianjin Eye and its bridge have become a calling card of Tianjin, and, if you happen to be a tourist in this city, for sure your guide book will lead you here.

Travel

48 Travel Tips on How to Leave Everything and Start Traveling Around The World... (Travel, Travel the World, Travel Guides)



We have all dreamed of just packing up and leaving the toil of our everyday existence at some point or another. Some of us have plucked up the courage and saved the cash to actually make their travel dreams a reality. Yet all too often we are left feeling overwhelmed and out of pocket. Thankfully there are plenty of useful books out there to guide us through the process of cheaper and more efficient travelling. *Travel: 48 Travel Tips...* by Doretha Carter is one such recent publication that does exactly what it says on the tin. With a superb blend of both breadth and depth of travel advice, this title covers all of the key bases – and a few others besides.

With reference to top global destinations, including Bali, Vietnam, Hong Kong, Mexico, Brazil and Russia, the author emphasises smart travel by employing such methods as flexible bookings, using alternative airports, taking advantage of amazing online deals and a whole range of other little tricks. Not only will Carter’s guidebook make your travelling experience cheaper, easier and more efficient, it will also help you to inject a bit more fun into your adventures by equipping you with all manner of insider knowledge. There has never been a better time to start enjoying your life than right now, and this little gem of a travel guide is your perfect companion!

A Tale of Two

Tianjin Skylines

By Andrew Smith

Last week I got a bit of a shock at work. One of my colleagues turned to me and said “Hey, have you seen the PM2.5 readings in Tianjin today?” Expecting to breathe yet another sign of despair at the prospect of an air pollution-induced early grave, I looked over at her phone to see what kind of horrific stats she had been talking about. To my surprise, it turned out that she had come over to my desk to announce that the city’s PM2.5 levels were actually around the 38 range – a reading that is considered to be a ‘healthy’ amount of pollution particles floating around us.

At that point I remembered waking up a few hours before, looking outside the window to yet another run of the mill ‘misty’ Tianjin

skyline, thinking to myself “oh great, here we go again, yet another day of breathing poisonous fumes”. It dawned on me that perhaps my perceptions of how bad the air quality was that day were well and truly out of sync with reality. I got thinking about it again on Sunday morning when, after a short weekend trip to Shanghai, my plane was landing at Tianjin’s Binhai International Airport in almost zero visibility due to what I assumed was a thick blanket of smog. Yet again I was surprised when I got home and checked the vital air stats, which indicated that levels of air pollution were not particularly high by Tianjin standards. I got to thinking: could it be that my visual sense of how smoggy the skies are is fundamentally flawed, or moreover, could it be that Tianjin



residents are so well conditioned to expect horrific levels of pollution that even the slightest bit of natural fog sends us into a state of panic?

There is no denying of course that air pollution is a very real part of everyday life in this part of China. The so called Beijing-Tianjin-Hebei triangle is notoriously bad for smog. Factories, power stations and other industrial sites in the surrounding area have long been a source of severe environmental degradation. In recent years local authorities have taken steps to reduce the levels of smog, including measures such as limiting the amount of cars on the road, but there are still very few days in the year when people can rest assured that they are breathing in a safe amount of toxic chemicals. When asked about the current state of play, some locals say the situation has been improving this year. Others simply sigh and express their despair at this ongoing problem that has literally cast a dark cloud over their lives.

With this in mind it is easy to understand why so many people confuse a mild fog with heavy toxic smog. As well as being synonymous with air pollution, this particular area of the world is highly susceptible to foggy conditions, particularly in the

winter months. Earlier this year a report in the South China Morning Post referred to this as “Northern China’s ‘Double Jeopardy’”. On the one hand there is a great deal of naturally-occurring fog on any given day of the year, but there is also a vast amount of hazardous chemicals floating around in the skies above us. When the fog is particularly bad

Some locals say the situation has been improving this year. Others simply sigh and express their despair at this ongoing problem that has literally cast a dark cloud over their lives.

we logically assume that all of the crap from the air above us has been pushed down and into our lungs. The other side to this is that by using fogginess as a gauge for air quality, people could be mistaking clear skies with clean air. That is of course another deceptively easy trap to fall into. Just this morning I was sat outside the wonderful new

Starbucks in Wudadao enjoying a cappuccino under what was at the time a beautiful clear blue skyline. It was only when I turned on my phone and checked the current PM2.5 data that I realised my eyes were playing tricks on me. As I’m sat writing this article Tianjin’s skies are fairly clear. From my apartment in the centre of Heping District I can easily look out of my window and see the TV Tower in the distance. If I were to look out of my neighbour’s window in the apartment opposite I would no doubt be able to see the Hai River and beyond. Yet at this point in time the PM2.5 data tells me that the air quality is well above 200 – indicating a hazardous level of lung destroying particles.

An important point to take away from this short article is that looks can be deceiving. The most important thing to remember though is that wearing a face mask and taking other necessary precautions isn’t a bad idea in any weather conditions!

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