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18 Location, Loyalty and Lifestyle

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Dear Readers,

It has been an eventful past 12 months and it is hard to believe that the end of the year has almost arrived. During this time of festive celebrations, mistletoe and cheer, the Business Tianjin team continues to work hard to provide you with the latest happenings in the business world, in Tianjin and beyond.

In the December issue of Business Tianjin, we continue to dissect and analyse some of the most pertinent events and trends in politics, economics and business. We take a retrospective look at the crucial state visits of Xi Jinping to both the UK and USA and think about what lies ahead for these political relationships in the New Year. We were also fortunate enough to catch up with Guy Feest, one of the leading figures of the serviced apartment industry in Tianjin, and gain his insights on what lies ahead for the sector in the coming year. We also bring to you more on developments in Chinese tax policy, what is in store for the Tianjin Metro expansion and more.

We hope Business Tianjin has provided you with first-rate expert information this year, kept you aware of the latest news and events, and guided through the tendencies and changes concerning economics, business and industry. As always, ensure you receive the most detailed business information and subscribe to our Daily Newsletter service or visit our web site: www.businesstianjin.com.

In 2016 we will continue to uphold our title of the most reliable English business magazine and keep our readers in the know. As 2015 draws to a close, we would like to give our warmest thanks to our loyal readers, team, contributors and clients.

The Business Tianjin team and I would like to wish you a very Merry Christmas and a Happy New Year!

Yours sincerely,
Mary Smith

Managing Editor | Business Tianjin Magazine
managingeditor@businesstianjin.com



▲ LOCATION, LOYALTY AND LIFESTYLE

Talking about the Serviced Apartment Industry with Guy Feest, General Manager, Fraser Place Tianjin

As the serviced apartment industry continues to grow, Business Tianjin sought the insights of Guy Feest, General Manager of the newly-established Fraser Place Tianjin. Located on Wei Jin Nan Lu, in company with Tianjin's Olympic Stadium, Water Park and Ao Cheng complex, Fraser Place Tianjin presents new opportunities for lifestyle and living, attracting a variety of people from executive travellers to families.

See Page 18



◀ Marketing Trends to Watch in 2016

The New Year is right around the corner so it's time to look ahead and see what marketing trends will help shape 2016. Over the past several years, digital marketing has undergone a number of profound changes, causing many marketers in the industry to be constantly playing catch up. We look at seven trends that proactive marketers should be centering their marketing strategies around in 2016.

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◀ Tianjin Metro Developments: Monocentrism to Polycentrism

There is a lot of hype around Tianjin, and what it is to become over the next few years. Over the course of the last year, 'On the Horizon' has painted a systematic picture of many developments across the city and municipality. However, it is the Metro blueprint which truly gives us the most insightful perspective of the city's urban configuration. For years now, Tianjin Metro has dominated discussions around the city, and rightly so, as it will play a huge part in the rise of the city's economic pre-eminence.

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TIANJIN NEWS

Tianjin Airlines to Launch First Trans-Pacific flights



Tianjin Airlines is planning to launch its first trans-Pacific services next year, connecting China with Canada. The carrier, applied to the Civil Aviation Administration of China (CAAC) for permission to launch four weekly flights to Vancouver. If approved, the carrier will launch its first ever trans-Pacific flight from Chongqing to Vancouver, via Tianjin, in June 2016. This will be enabled by the delivery of a new fleet of four wide-body Airbus A330 aircraft next year.

China Sacks Tianjin Port Chief after Blasts



China has fired the president of Tianjin Port Group and plans to prosecute him for dereliction of duty, almost three months after huge chemical blasts at the northern port managed by the firm killed more than 160 people. Zheng Qingyue, who was chairman of the group's listed unit, Tianjin Port Holdings, will also be removed from his positions at the city's international trade and shipping service centres. Government investigations found the port operator's management had neglected safety oversight duties, and blamed it for poor regulation of Tianjin Ruihai International Logistics Co Ltd, which had operated illegally and violated safety rules.

Tianjin Court Ordered ConocoPhillips to pay 1.7million CNY



A court of Tianjin municipality ordered American oil giant ConocoPhillips to pay 1.68 million CNY to 21 fishermen, who claimed their fishing interests and livelihood were severely damaged by the 2011 Bohai Bay oil spill. The verdict temporarily ends nearly four years of haggling between the fishermen and ConocoPhillips, who, along with Chinese State-owned oil giant China National Offshore Oil Corp, were held responsible for the contamination of more than 6,200 square km of water in the Bohai Bay after a large spill in the area's oilfields.

Bohai to Bring Avolon under its Fold



Bohai Leasing Co Ltd, a subsidiary of aviation and shipping conglomerate HNA Group, is set to bring Avolon Holdings Ltd under its umbrella after announcing definitive plans to buy the Irish aircraft leasing company for about \$2.5 billion. Consequent to the deal completion, Bohai Leasing will operate a fleet worth \$8.48 billion and become the world's ninth-largest aircraft lessor. Bohai Leasing will fund the purchase through a combination of loans and internal resources, with 70 percent of the cost being met with bank borrowings.

FINANCE

First China-Made Passenger Jet Leaves Production Line



The first plane produced by a Chinese government initiative to compete in the market for large passenger jetliners has been unveiled in Shanghai. The Commercial Aircraft Corporation of China showed off its twin-engine C919 in a ceremony on Monday attended by some 4,000 government officials and other guests at a hangar near the Pudong International Airport. For China, the plane represents at least seven years of efforts in a state-mandated drive to reduce dependence on European consortium Airbus and Boeing of the United States, and even compete against them.

BMW Enjoys Luxury Car Boost but Cautions Over China



Automaker BMW beat expectations with a 20 percent increase in net profit last quarter, compared to results in the third quarter of last year. The luxury automaker maintained rich profit margins despite slowing demand in China. The company said that demand in China appeared to be "stabilizing" after a slowdown in the economy, which is expected to keep a lid on profit increases for the rest of this year. The maker of the X5 SUV and 7 Sedan Series said profits rose to 1.58 billion EUR from 1.31 billion EUR from the year earlier, when the company had to deduct charges for the changed valuation of financial derivatives.

Alibaba Sells Record 14.3 billion USD on Singles Day



Chinese e-commerce company Alibaba did a record \$14.3 billion in sales on Singles Day Wednesday, breaking last year's record and blowing past its estimates of \$11 billion in sales. The precise sales figure as the clock struck midnight was \$14,341,847,366, according to Alibaba.

Larry Page says Google's China Plans are No Longer his Decision



Larry Page, the CEO of Google parent company Alphabet, says Google's future in China is no longer his decision and that suits him just fine. Page said that he handed off the responsibility to Sundar Pichai, the newly-appointed CEO of Google. Google famously pulled out many of its operations from mainland China, including its Chinese search engine, in 2010, following a dispute with Beijing over censorship and cyberattacks that Google claimed it traced to China.

Foxconn Invests \$4.4 billion to Make iPhone Screens in Central China



Foxconn leads the wave of foreign investment in manufacturing chains in inland Chinese provinces such as Henan. The Taiwanese technology company Foxconn will pour as much as 28 billion CNY into Zhengzhou, capital of inland province Henan, to produce low-temperature polycrystalline silicon screens for iPhones.

Baidu partners with China CITIC Bank



China CITIC Bank Corp Ltd confirmed that it will collaborate with China's biggest online search engine, Baidu Inc, to build a direct banking business. Through a working relationship with China CITIC Bank, Baidu is expected to finally enter China's nascent private banking sector. Baidu's rivals - Alibaba Group Holding Ltd and Tencent Holdings Ltd - have already successfully gained private banking licenses by forming similar alliances with different partners.

LAW & POLICY

Two-child Policy to Increase Potential Economic Growth Rate



China's new two-child policy could increase economic growth rate by 0.5 percentage points through reducing China's dependency ratio. The change in policy is expected to mean over 30 million more people in the labor

force by 2050 and an decrease of 2 percentage points in the share of elderly of Chinese population, deputy head of the NHFPC, in a press conference held in Beijing.

Charity law will encourage donors



Improving China's charitable organizations will encourage more donations, experts and lawmakers said. In late October, the Standing Committee of the National People's Congress released the charity draft law at its bimonthly session. It highlights the importance of the transparency of charitable organizations and clarifies what such an organization is and what responsibilities it should adopt.

TELECOMS

Chinese Telecom Giant Eyes Age of "Superphone"



China's telecommunication giant Huawei said that the next-generation mobile phone, which is called "superphone", will emerge around 2020 and open up a new era in which physical and digital realities are fused. President of Strategy Marketing, Huawei Consumer Business Group, said the advent of the "superphone" will eventually build a new world of all things digital, all things connected, seamless intelligence integration, and merging intelligence.

Luxury Phone Maker Vertu Sold to Chinese Investors



The Chinese smartphone family, long known by its average-quality and inexpensive devices, is all set to welcome a new member. Only, the new entrant is a cut above the rest as its major customers are nattily dressed businesspeople who sport customized gadgets handcrafted with sapphire crystal screens and high-end leather. The United Kingdom-based luxury smartphone vendor Vertu Co Ltd was sold by its Swedish owner EQT Holdings AB to a group of unknown investors in Hong Kong.

Xiaomi rakes in 200 million USD in bumper Singles' Day



Xiaomi, the smartphone maker often dubbed "China's Apple", was crowned the big winner of one of the world's biggest shopping days. Xiaomi said it had become the top-grossing merchant on Alibaba's online marketplace Tmall.com. That makes three successful years in a row for the smartphone maker, as sales totaled 1.25 billion yuan (\$196.3 million), nearly 1.4 percent of the total money that Alibaba cashed in during the 24-hour period.

GENERAL

Tougher Rules Proposed for Delivery Companies



Couriers that handle packages roughly or leak customer information could face large fines. The central government is coming up with stricter rules to regulate the booming delivery industry, which has been largely buoyed by the growth in Chinese e-commerce. Under the draft released, Chinese courier companies might face fines of up to 50,000 CNY and lose their licenses for leaking customers' personal information.

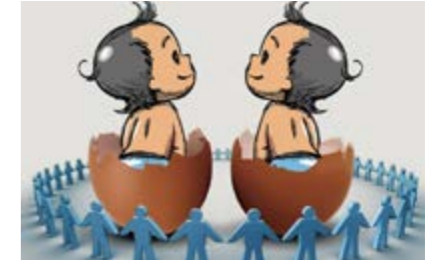
One Million High-Emission Vehicles Junked



China forced about 1 million vehicles with excessive emissions off the roads in the first ten months of the year, completing 85 percent of its annual target, though Beijing and Shandong province fell short of their targets. All vehicles registered before 2005 were to be discarded by the end of the year to reduce vehicle exhaust and improve air quality. Owners, who must junk or otherwise recycle the vehicles, receive government compensation.

CHINA IN THE WORLD

Companies Move to Support Bigger Families



Some companies in China are preparing to roll out additional welfare for employees who give birth to a second child, following the central government's announcement last week of a policy revision universally allowing two children. The benefits include flexible working hours, extra holidays, medical insurance for the two children and interest-free loans from the company to alleviate the parents' economic burden.

Tencent Brings Hollywood's Blockbusters to China



China's internet giant Tencent has joined hands with two Hollywood studios, Paramount Pictures and Metro-Goldwyn-Mayer Studios, to bring the U.S. blockbusters online to China's vast movie fan base. Under the deal with MGM, the online platform has acquired transactional video on demand and subscription video on demand access to the complete James Bond franchise from Dr. No to Skyfall, Spectre will also be made available through this partnership in the future.

China Says It Plans To Land a Rover On Mars In 2020



After exploring the moon, China now has its sights on Mars. China plans to send a rover to the red planet in 2020. China unveiled a model of the rover in Shanghai at the China International Industry Fair, a showcase for the country's latest technology. The gold-colored model is one third of the size of the real thing. The two main parts of the probe, an orbiter and a landing rover, was demonstrated to the public, showing how it will be able to reach and function on the planet's surface.



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According to Tencent's release of its WeChat Life Report -- containing a wide array of statistical data -- the number of WeChat Daily Active Users (DAU) has grown by 64% this year, up from 49% last year. This trend shows that WeChat users are getting more and more engaged with the messaging service as the DAU begins to grow even faster than the total number in the WeChat user base.



3.6

Alibaba further taps into China's growing digital media market as it snaps up the country's leading video streaming and playback service, Youku Tudou, for a cool \$3.6 billion.



170

Former taxi driver Liu Yiqian made streaks in the art world after purchasing an original painting by Italian, Amedeo Modigliani for \$170 million. One of the most prominent art collectors in China, Liu's bid is now the second highest for any work of art since Picasso's 'Les Femmes d'Alger' went for \$179 million back in May.

291

According to a report by the National Health and Planning Commission, the number of people leaving their place of origin to go work or study elsewhere -- also referred to as 'floating people' -- is expected to reach 291 million by the year 2020.



4.2

Foreign Direct Investment (FDI) into the Chinese mainland grew by 4.2% to \$8.2 billion, according to the Ministry of Commerce. Notably, foreign firms injected a great deal of investment through merger and acquisition deals.

9

An astounding 9 billion yuan was spent within the first 12 hours of Singles Day. The anti-Valentine's day celebration -- which falls annually on the 11th day of the 11th month -- sees prices for online goods slashed with considerable discounts. E-commerce giant Alibaba generated enough sales to totally eclipse American consumer spending on both Black Friday and Cyber Monday last year.

100

New versions of the 100-yuan banknote were put into circulation in November in an effort to make the currency harder to forge. Using a colour-change ink technology, the "100" at the centre of the bill will change from gold to green depending on the viewing angle.



6.9

China's economy grew by 6.9% in the third quarter of 2015. Although just above economic forecasts, the increase still indicates an economic slowdown, with the slowest growth rate since 2009.



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Monthly Economy Report

By Andrew Smith



Although there isn't much of a macroeconomic recovery to report this month, there is at least an interesting discussion point or two to weigh in on. Most notably, the Singles' Day Shopaholics phenomenon. When November 11 finally rolled around there were plenty of retailers breathing a profound sigh of relief with the long awaited boost to their sales. In a display of just how powerful the Chinese consumer engine can be, most analysts estimate that the country's online shoppers collectively spent US\$ 9 billion in just 12 hours of shopping. However, according to Ali Baba's estimates, that figure could have been as high as US\$ 14.3 billion. In reaction to the spectacular display of purchasing power, the company's founder Jack

Ma reminded us that China "has currently got 300 million middle-class people, and we believe in the next 15 years ... a half billion people will be middle-class, and the demand for high-quality products, high-quality services is huge".

As the figures came in, it didn't take long for the euphoria to spill over into the financial world. Within a day of the event, news providers were proclaiming that the spending of ordinary Chinese consumers could be enough to kick start the whole global economy. One report by CBS, entitled 'Can Chinese Consumers Save the World Economy?' said "Long the place that makes stuff but doesn't consume much, China is set

to redress the balance. And thus, some say, rescue the troubled global economy".

While it is obviously sensationalist to even hint that one single shopping spree could correct the global economic problems of the moment, it does provide some food for thought with regards to the broader context of China's economic transition. Namely, this is a work-in-progress by the central authority to steer the nation away from a reliance on export-led growth towards a more sustainable, domestic, consumption-based model.

As Larry Light of Moneyweek says: "The idea is that an economy more reliant on consumers is more stable than one that churns out goods for sale to foreign buyers whose fortunes fluctuate. Plus, the thinking goes: a consumer-centric economy may be less prone to constructing enormous boondoggles, like China's high-speed rail project and its millions of vacant apartments".

So far the government's plan to help this process along has included: debuting a nationwide pension system; and offering universal medical insurance and alleviating some taxes for businesses. They have also been encouraging banks to reward depositors more on their savings, and to help smaller companies, letting non-bank lenders offer financing. Moreover, in a further effort to boost consumption, the government cut

taxation on purchases last month. From a retail perspective the plan seems to be going pretty well. As Chinese Premier Li Keqiang told a global economic forum last year: "We will continue to increase household consumption and make sure that greater internal demand could serve as a new power to drive economic growth."

In other, non-consumer related news, the manufacturing sector seems to have continued its long-running slide. In October, PMI figures showed an unexpected third-month-in-a-row contraction, with a reading of 49.8. This came in below the majority of analysts' expectations of a very moderate rebound. Not surprisingly, this data -- coupled with official estimates of a 6.9 percent GDP growth rate in the third quarter -- have fuelled further speculation that the economy will struggle to achieve the government's growth target of seven percent for the year.

This increasing gap between the booming retail sector and sluggish manufacturing activity has inspired some economists to characterise China as a 'two track' economy. If it was a simple case of one weak sector being offset by a strong one, or vice versa, then it wouldn't be so alarming. However, it is worth noting that the other big factor behind China's boom – investment – may also be slowing down. The nation's statistics agency has said that fixed-asset investment grew 10.2 percent year-on-year in the first 10 months, compared with a 10.3 percent increase in the first nine months, while property investment grew two percent from January to October year-on-year -- its slowest pace since the financial crisis.

On the upside though, at least capital inflows turned back to positive in October. Since the central bank stepped in to perform a strategic, one-off devaluation of the Renminbi

earlier this year, there has been a predictable, but nonetheless damaging net capital outflow. For the time being at least, there does seem to be some encouraging signs as money is once again starting to move back in the opposite direction. October indicates that the central bank and other Chinese financial institutions bought a net CNY 12.9bn (US\$ 2 billion) in foreign exchange, breaking a four-month streak of net sales. Net forex purchases are considered a sign of capital inflow, while sales indicate outflows. October's purchases followed record-high net sales of CNY 761 billion in September.

This increasing gap between the booming retail sector and sluggish manufacturing activity has inspired some economists to characterise China as a 'two track' economy.

Larry Hu, China economist at Macquarie Securities, said: "The fear of devaluation has been alleviated a lot recently. When the Renminbi surprisingly depreciated on August

11, we predicted that it would depreciate less than five percent by year-end. That call has become much less controversial recently compared with three months ago".

Given these recent market conditions, it won't surprise many people that deflation is back on the analytical forefront. The threat of a price plunge remains a very real one, despite persistent efforts by the People's Bank of China (PBoC) to support the economy by slashing interest rates so far this year. According to the latest reports, consumer prices increase by 1.3% year-on-year in October which, although still above deflationary territory, does fall well short of the government's 3% annual target.

A number of leading economists are saying they expect the Chinese central bank to cut required bank reserves at least one more time this year, in addition to pushing through more infrastructure project approvals and urging local officials to spend faster in a bid to stimulate growth. The National Audit Office recently identified CNY 14.2 billion (USD 2.23 billion) worth of water, agriculture and social-housing projects that remain unspent. **E**

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A Tale of Two Crucial State Visits

By Tracy Hall



As a consequence of China's growing economic and geopolitical clout, the country's leaders are expected to engage with their counterparts around the world more than ever before. Since President Xi Jinping took office in March 2013, we have seen a more profound push for China to forge solid bilateral and multinational agreements with its international partners. These include working together on trade arrangements, intellectual property rights, monetary policies, foreign investments, military and cyber security and a whole range of other critical issues. This year the nation's most high ranking political figures have been particularly active on the world stage. President Xi has taken the lead when it comes to jetting off around the world to bolster China's diplomatic relations with its key trading partners.

It goes without saying that the most important objective for China on the world stage is to maintain its turbulent, but invaluable relationship with the United States. As promised, President Xi made his much anticipated return to the U.S. in September. Though the Chinese leader is certainly no stranger to the States -- having lived in Iowa during his early adulthood and later visiting as the country's vice president -- this was to be his first time on American soil since he took top office.



During his short stay he was kept very busy indeed. Naturally, the visit involved lengthy discussions with President Obama on sticky issues that are of concern to both parties such as economic policy and climate change. But, without a doubt, cyber security was the most prominent theme for the media. During a joint press conference outside the White House, both presidents made it clear that they had engaged in lengthy discussions about how best to deal with the ongoing threats posed by so-called 'cyber terrorists'. Whilst it seemed to be a very cordial meeting between the two leaders -- with both sides painting a very optimistic future about the 'Chimerica' relationship going forward -- one couldn't help but feel that there was still a lot of suspicion and mistrust floating around Washington. And for all

the talk of closer cooperation on key security issues, the subsequent tension, that the U.S. naval presence in the South China Sea caused, shows there is still a lot of work to be done.

However, the Chinese president began his state visit on the West Coast, and he really did his country proud by giving a rousing speech in the business hub of Seattle. During a round-table conference there, Mr. Xi also met some of the world's

Right from the outset it was clear that President Xi's visit to the United Kingdom was going to be incredibly important for both nations.

most prominent business leaders, reaffirming with them that China is still thriving, competitive and very much open for business. Never before has a Chinese leader taken part in such an event, and the Seattle stop-off was considered a very worthwhile endeavour. As The Telegraph's William Faxon pointed out, "By promising to crack down on China's huge underworld of counterfeit goods, Xi has certainly got the attention of the American tech elite".

Then, in late October -- only a month after his landmark state visit to the U.S. -- it was back to official overseas state business for the ultra-busy Chinese president and his incredibly supportive First Lady. Although it involved an equally long flight, this time the country's leading couple were heading in the opposite direction to



meet with political elites and business leaders in a global superpower of yesteryear. Right from the outset, it was clear that the President Xi's visit to the United Kingdom was going to be incredibly important for both nations. For a start, the British media – which is notorious for its no-holds-barred approach to reporting on anything from political meetings to celebrities' private lives – gave an incredible amount of positive coverage to the Chinese leader's visit.

From the outset and throughout, President Xi and his entourage were given the royal treatment. The dinners and discussions between the Chinese delegation and royal family got things off to a good start. Although it was barely talked about at the time, the affirmation of friendship between the British royalty and the Chinese leadership served an important diplomatic purpose in that it symbolised a moving-on of sorts from the two country's troubled imperial-era relations.

After months of talking about big deals and a tightening of bilateral ties between Britain and China, it was time for the UK Prime Minister David

Cameron and his cabinet colleagues to seize the opportunity. As had been the case a month early, during President Xi's visit to America, issues like climate change, cyber security and the global economy were big talking points. One of the first things to come out of these face-to-face meetings between the two leaders was the signing of a ground-breaking cyber security pact. Amongst other things, both sides put into writing that they would immediately condemn any use of cyber espionage techniques to steal either commercial or military secrets from the other side.

When all the fancy royal banquets and the diplomatic discussions were out of the way, it was, quite literally, time to get down to business. Accompanying the Chinese President was a sizable group of Big Business leaders from some of the Middle Kingdom's most investment-hungry firms. The signing of the long-awaited nuclear energy investment deal was the most significant of the visit. The US\$ 9 billion splurge by a Chinese nuclear consortium is the biggest foreign investment in a single industrial project in British history. But while it is a staggering amount of

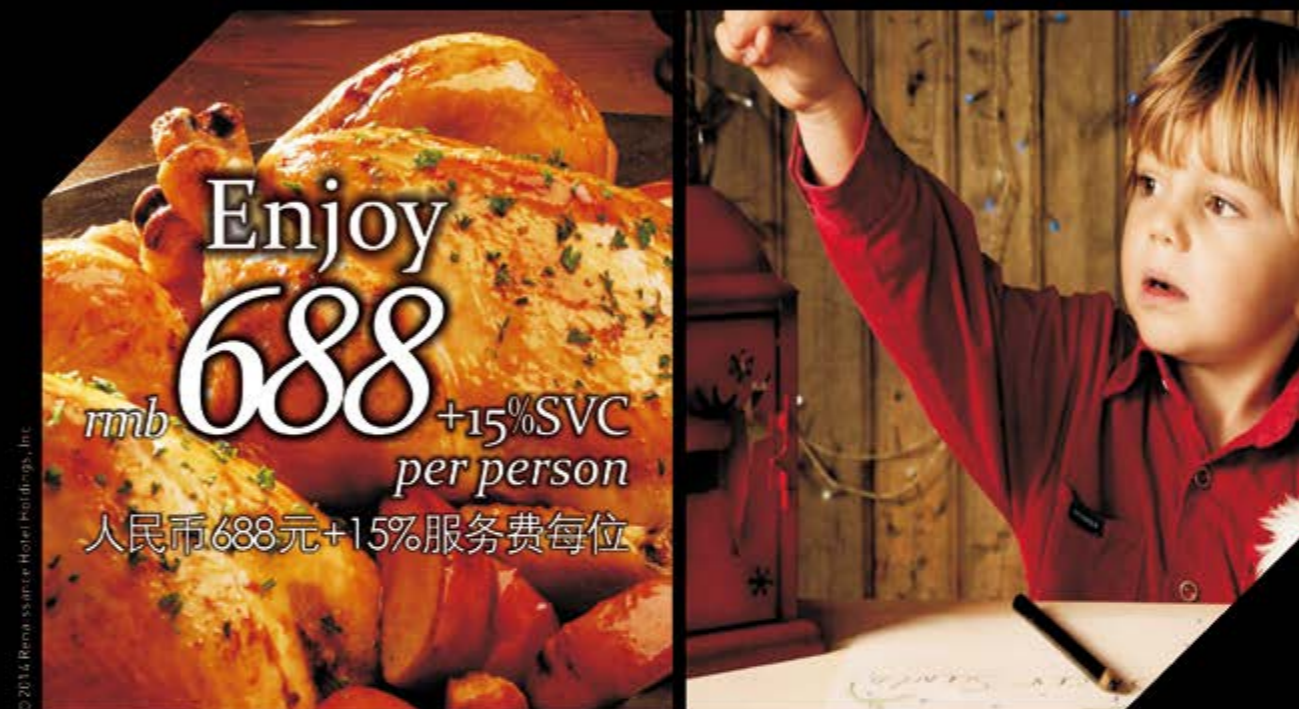
money, this latest trade deal is part of a longer-standing trend of Chinese money flowing into the United Kingdom. The current round of investments by Chinese companies -- many of which were cemented during President Xi's state visit in October -- is estimated to total more than £40 billion when all of the transactions are completed. As a result, Britain is now the largest investment hub for China. Despite their differences on key issues, both sides now have every reason to be optimistic about their future economic and political relationship.

But, of course, there is always more to be done. China still has a lot of work to do on the world stage, while the international community also needs to play its part by helping this new global superpower find its feet. State visits, like the ones Chinese President Xi Jinping embarked on in 2015, are an essential part of that. There will always be differences of opinion and big sticking points between powerful nations, regardless of how much dialogue there is between both sides. However, these recent trips go to show that a lot can be achieved if our leaders make the effort to visit each other in person. **B**

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LOCATION, LOYALTY and LIFESTYLE

Talking about the Serviced Apartment Industry with Guy Feest, General Manager, Fraser Place Tianjin

By Annie Ly

As the serviced apartment industry continues to grow, Business Tianjin sought the insights of Guy Feest, General Manager of the newly-established Fraser Place Tianjin. Located on Wei Jin Nan Lu, in company with Tianjin's Olympic Stadium, Water Park and Ao Cheng complex, Fraser Place Tianjin presents new opportunities for lifestyle and living, attracting a variety of people from executive travellers to families.

With over 30 years of experience in the hospitality industry, Feest has worked across a number of major hotel brands all over Asia. Prior to coming to Tianjin, he spent time as the general manager of Millennium Residences and Fraser Residences CBD East in Beijing. He now brings a wealth of expertise, and knowledge of the serviced apartment industry, to Tianjin and gives us his views on what lies ahead...

You arrived in Tianjin in April this year to open the first Fraser Place residence in this city. What influenced your decision to make the move to Tianjin?

As well as being a new place to discover and work in, an attractive thing about Tianjin was its history. But more than anything else, it was the opportunity to open a new property. I have been involved in a few openings before, but never as a general manager. Right now, I'm really enjoying opening this property and building up this team of people. It has been a fascinating learning curve for all involved.



What can Fraser Place Tianjin offer its customers?

When I asked my Director of Sales and Marketing for the three reasons people would stay at this property, I told her the answer is not necessarily the Fraser management, the big

rooms or the free shuttle bus service. I believe, as the old real estate maxim goes, the most important thing is location, location, location. Our owner -- China Merchants Real Estate (Tianjin) Co., Ltd -- chose Frasers Hospitality as their partner, and they clearly understood this to be true when developing Fraser Place

Tianjin. They have been very smart to select the Aocheng area as their development location.

We are located right on the corner of a huge intersection, where people can be found travelling all the time from Beijing to Xiqing, the economic development district to the south





of Tianjin. To get to other areas, such as Binhai or into the city, you just have to look at the opposite sides. For business travellers, access to almost anywhere is very easy from this location.

Aocheng also has a lot to offer. A lot of families and expats will make the trip to the Aocheng area all year round to go to a bar or a restaurant. The sports facilities and Convention Centre here also attract people with different interests. Fraser Place Tianjin offers a place to stay in the heart of it all.

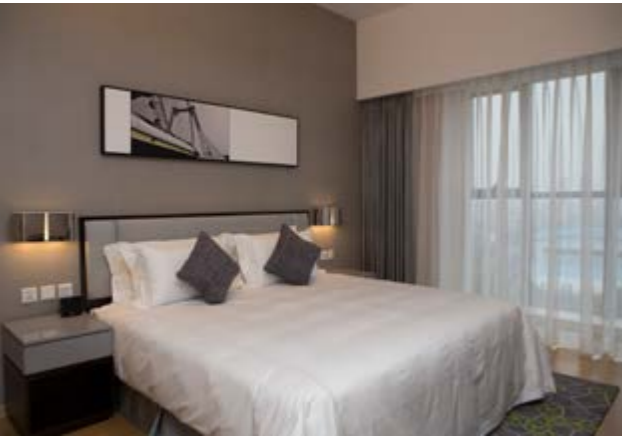
What makes Fraser Place in Tianjin stand out from other serviced apartments in the city? Why should people pick your residence over others?

We have a good relationship with other serviced apartment owners in the city but we have a very different product. All owners will provide top quality service, but what currently sets Fraser Place apart is that this is a new property with brand new facilities. The purpose of a Fraser Place is to be attractive to businessmen and families, and we strive to make our facilities reflect that.

We will also be offering a shuttle bus service with a very extensive route. It will go towards office buildings in the city, shopping areas and tourist attractions. The service will align with the subway expansion to ease the stress of travel. When the Aocheng subway station opens, it will be a mere 500-metre walk to the entrance. Therefore, if you look at the opening of Fraser Place with a long-term vision, it will only get better.

In what ways has your management style changed since taking on the role of general manager of Fraser Place Tianjin?

Fraser is very strong on Corporate Social Responsibility (CSR), which is something that is relatively new to my colleagues. CSR is something that I personally want to make sure is a hallmark of Fraser Place Tianjin. It is not something that I want to just pay lip service to. I want it to be something that really makes an impact and that people know us for; because we do the right thing. There is a fundamental benefit in terms of getting things done and having good relationships, but I think that



developing a good reputation in the local area will be a very attractive feature. Knowing how to make bridges with the local community can really make a difference. They have a lot of insights that are well worth learning from.

As the old real estate maxim goes, the most important thing is location, location, location. Our owner clearly understood this to be true when developing Fraser Place Tianjin.

What challenges did you face when you opened this new facility and how did you overcome them?

Recruitment here in Tianjin has

proven to be a challenge. I was able to find all my department heads very quickly but finding reception staff, wait staff and housekeeping staff was a little more difficult.

Getting busy and building up the reputation of Fraser Place Tianjin is another challenge we face. During job interviews, one thing I stressed was that Fraser Place is not a well-known name in Tianjin yet. But, we are opening this property and another in Binhai in the middle of next year, with possibilities of more properties opening in the following years. Although there is good coverage for Fraser properties in the south of China -- in places such as Guangzhou, Suzhou and Chengdu -- the Fraser brand is not as well known up north.

Local people in Tianjin know that the location of Fraser Place is quite an exclusive, high-end area. They know that once the subway extension is completed and open to us, it will tie in very well with our planned

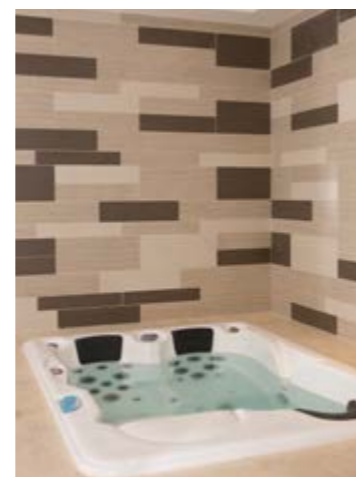
trajectory for occupancy rates. Some people we interviewed could not work here due to location. In the future, the expansion of the travel networks will help us to solve recruitment issues, as well as attract more customers to the area because it will make it more accessible.

The purpose of a Fraser Place is to be attractive to businessmen and families, and we strive to make our facilities reflect that.

What is the key to being an outstanding general manager of serviced apartments under a successful international brand like Frasers Hospitality?

I have been fortunate to work for some outstanding general managers in the past. The key lesson I have





learnt from them is that recognition is important. It doesn't need to be about anything specific, but acknowledging staff can make a real difference in relationships. When good things happen, recognise them. Recognise people on a personal and professional level in a positive way. That is the best way to build loyalty with your staff. It ensures that your staff are just as invested in the property as you are.

If a customer is looking for a serviced apartment in Tianjin, what advice can you give?

The key thing people should consider is, 'what am I going to do outside of work'? All serviced apartments will offer the same things: a comfortable place to live and security. Customers must also think about their free time, and that's where this property, in terms of location, has its advantages.

You must also consider your personal needs. If you are a family, your priority will be being close to schools. If you're here for business, access and transportation to work is important. If you are coming to China to work, just day-to-day living can be a challenge. You will want to come home to somewhere you can wind down and relax. You will want to come home to a situation where your children have had things to do. This is what Fraser has to offer; whether its kids' clubs, cookery classes or cultural trips, we can offer opportunities to make connections with the city in a way that will occupy and entertain people with a variety of needs and interests.

What is the future for the luxury serviced apartment industry in China or indeed Tianjin? Do you see any trends or developments emerging?

Serviced apartments in general are getting a higher profile. What people

have come to realise is that the cost basis for a serviced apartment is much less than a hotel. You usually have a much larger space which is self-contained, all at the same price, if not lower than what you might pay for a five-star hotel. Our properties are usually part of mixed-use complexes, so you could walk out the door and be in a shopping complex. You receive the same level of service, same level of security, same international feel but with more convenience which makes them more attractive.

Recognise people on a personal and professional level in a positive way. That is the best way to build loyalty with your staff.

A lot of hotel companies and developers are looking into this market because the cost of building an apartment per square-metre is substantially less than building a hotel per square-metre.

If the market changes completely, you also have the advantage of being able to sell the apartments to private owners which is an attractive feature for developers. Every destination around the world has a need for long-term stay properties. I see the serviced apartment, or extended stay market, as getting stronger and stronger as a result. **E**

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Damage Limitation: Reducing Your Exposure to Fossil Fuel Volatility

By Michael Dow



Up until the last year or so, fossil fuels – natural gas, coal and crude oil derivatives – were considered by many to be a pretty safe bet. And for good reason, demand from emerging markets like China, India and Indonesia was soaring, while efforts to create a sustainable, alternative source that was price competitive never quite came to fruition in any serious way. It looked like the so-called commodity super-cycle was here to stay for a very long time to come.

Then, of course, in 2014 the proverbial well and truly started to hit the fan. Those seemingly unstoppable emerging market giants started to slow down, while Europe and North America took a few turns for the

worse. On top of all that, there was the double whammy of geopolitical turbulence in the Crimea and Middle East. The end result for commodity investors has been a dramatic price slump that has hit many investment portfolios like a high-speed train.

The sad reality is that the investors who jumped on board the fossil fuel band wagon a few years ago are now stuck in a very scary situation. A few months ago, even after OPEC surprisingly decided not to slash supply it looked like oil prices might finally have turned the corner and started to edge back upwards. Unfortunately, though, the pains associated with rock bottom prices linger. If you are still banking on a sudden surge in global demand for

fossil fuels, then now is the time to admit defeat and rethink your investment strategy!

Now before you get the wrong idea about this article, the aim is not to jump on the band wagon of the global fossil fuel divestment campaign that has been raging on for years. It goes without saying that we all want to help the environment by encouraging the growth of a newer and cleaner energy source, but the goal here is to explore some of the ways an individual investor can get more bang for their buck in the energy sector. With that in mind, the first important point to make is that completely exiting the fuel or energy sector right now – due to fears over persistently rock bottom crude oil prices – would be short-sighted and silly. After all, humans and machines need to get energy from somewhere, even if it doesn't involve guzzling fossil fuels.

As always, the key to making money in this rapidly changing sector is to either find the right individual opportunities or the right cash-generating conduits (i.e. actively managed funds or ETFs). Individuals who are fortunate enough to have a net worth of over a million U.S. dollars have the option of investing in ethically-minded Generation Investment Management. If the latest analysis is anything to go by, then this London-based firm -- which is fronted by die-hard environment advocate Al Gore -- has done pretty well for investors in recent years. However, for those of us with much

smaller sums of cash to play around with, the good news is that there are also plenty of options out there.

One such opportunity is a newly-approved exchange traded fund (ETF) called the Ethno Climate Leadership Index (Trading symbol ECLI on the New York Stock Exchange). By all accounts this ETF could turn out to be an absolute gem of an investment in the coming years, as more and more institutional and individual investors divest from fossil fuels. There are lots of other, well-established ETFs and mutual funds to choose from. ECLI is one of just a dozen or so investment instruments that offers retail investors broader exposure to investing in the U.S. or global public companies, while excluding the 200 coal, oil and gas companies that are part of the Carbon Underground -- a list used as a guidepost by divestment advocates. "Divestment, while spreading wildly, isn't mainstream -- yet," says Leslie Samuelrich, the president of Green Century Capital Management and a divestment advocate. Green Century, which was established in 1991 by environmental groups, offers two diversified mutual funds -- the Green Century Equity Fund and the Green Century Balanced Fund -- that have sold all of their coal, oil and gas holdings.

In addition to the aforementioned options, there is another fossil-free ETF called 'Give', which was launched in 2012 by partners including Philippe Cousteau, the grandson of the late ocean explorer Jacques-Yves Cousteau. "I wanted to create something that everyone could participate in, not just wealthy, accredited investors," Cousteau told Green Money Journal. And, in that sense, this fund does exactly what it says on the tin, so to speak. It offers everybody an opportunity to get involved in ethical investing.

Completely exiting the fuel or energy sector right now due to fears over persistently rock bottom crude oil prices would be short-sighted and silly

At this point you might be thinking to yourself: "investing in alternative energy ETFs is all well and good but can I make a return?" According to an indepth article by The Guardian's Mark Gunther, the answer is a resounding 'yes'. He says that "increasingly, there's evidence that well-constructed fossil-free portfolios

can match or even outperform those that include coal, oil and gas companies... An analysis by MSCI, which manages global indexes, found that a global fossil fuel-free index earned an average return of 13% a year since 2010, better than the 11.8% annual return earned by a conventional index. Of course, past performance is no assurance of future returns; a period of rising energy prices could propel fossil fuels ahead of the overall market".

So moving from fossil fuels towards other forms of energy is pretty easy when you know how, but it isn't the only thing savvy investors need to do in order to get their financial house in order. They also of course need to consider a big rethink of their asset allocation strategy in light of current global economic circumstances. With the prospect of a further slowdown in China and the emerging markets, the uncertainty of higher U.S. interest rates and another few years of stagnation in Europe, it's no good trying to guess where energy prices are going to be in two years time, or even by the end of the decade.

Instead of taking speculative gambles in a very uncertain macroeconomic and geopolitical environment, investors would be well-advised to think long-term and look for real value investments that can provide both protection against volatility and relatively safe returns. Diversification both across and within different sectors, including energy, is incredibly important in this regard. So too is ensuring that your portfolio is giving you a steady amount of dividend and/or interest income to cushion you from any persisting bear market conditions. **E**



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Stocks and Shares

Oil prices drop as Fed worries about global economy



Oil prices sank Friday after the US Federal Reserve expressed doubts about the strength of the global economy as it holds off on an interest

rate hike. The Fed held its key interest rate locked near zero Thursday, citing worries about how the slowdown in China would affect the US economy. "China is weighing on the demand side," said James Williams of WTRG Economics. "Everything that is negative out of China is even more bearish than I am. We are still in an oversupplied market by at least 1.5 million barrels a day."

Oil prices had surged on Wednesday after the US Department of Energy revealed a 2.1 million barrel drop in inventories, fuelling hopes of a pick-

up in demand in the world's biggest economy.

Fawad Razaqzada – analyst at Gain Capital Trading Group – said: "In the case of oil, the expected fall of US output should, in theory, help to support prices, even if major upward moves seem unlikely for the foreseeable future."

Source: AFP

Hikma shares take a knock after gout drug fails to take off



Shares in pharmaceuticals manufacturer Hikma fell five percent this morning after the FTSE 100 company announced that one of its recently-launched drugs to treat gout failed to sell as well as hoped.

The Jordanian generics drug maker said sales of colchicine -- under the brand name Mitigare -- had fallen short of expectations due to "greater competition in the market". That forced Hikma to downgrade full-year revenue forecasts in its generics business by as much as 25 percent to \$150m.

The divisional operating margin will be in the high twenties, nearly half the 52.3 percent margin achieved in the previous financial year. However, the company were bullish about its prospects going forward. In a

statement, they revealed: "We remain confident that colchicine sales will continue to grow in 2016, given our ability to significantly improve managed care access, pharmacy shelf stock and physician and patient awareness."

Colchicine has been used on an unapproved basis for decades, because it came onto the market before testing was required by the US Food & Drug Administration.

Source: The Telegraph

Pound Ends Slide; Pimco Says Mid-2016 Rate Increase Plausible



The pound rose against the dollar, breaking a three-day run of losses that pushed it to a six-month low, as investors re-assessed how

quickly the Bank of England (BOE) will follow the Federal Reserve in raising interest rates. The Sterling tumbled last week as BOE Governor Mark Carney signaled Thursday that Britain wasn't ready for higher borrowing costs. A day later, traders stepped up bets on the Fed lifting U.S. interest rates in December after the Labor Department revealed a much better-than-expected jobs report

for October. While money markets indicate that the BOE's first rate increase since 2007 will only come a year from now, Pacific Investment Management Co. said a U.K. move around the middle of next year is "perfectly plausible".

Source: Bloomberg



Unleashing Yujiapu's Potential

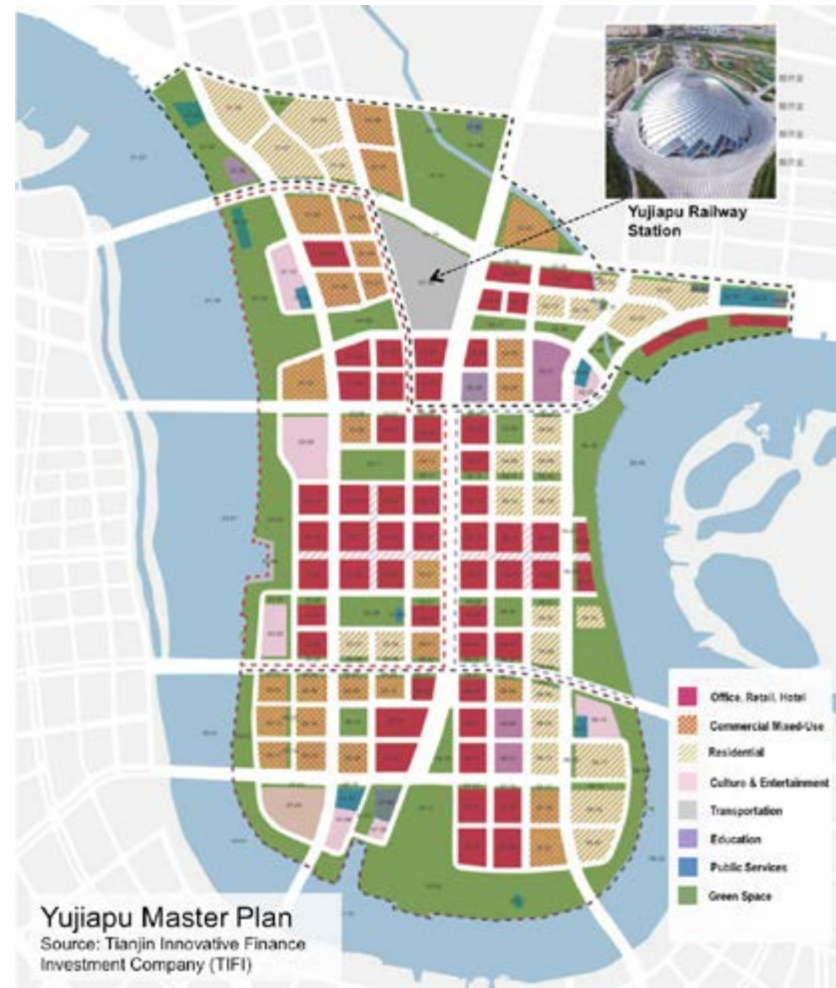
By **Michael Hart** (Managing Director at JLL Tianjin) and **Sean Linkletter** (Research Analyst at JLL Tianjin)

September 30th marked a big day for the Yujiapu Financial District, as the railway station opened, linking the area to both Tianjin and Beijing via a high-speed rail. The Yujiapu development has come under criticism from Western media – many considered the region's construction as a sign that China was at the height of its property bubble. Instead, the completion of Yujiapu's new, eye-catching railway station may instead be a signal that the government is capable and committed to establishing Yujiapu as a regional commercial center.

The Yujiapu Financial District is a government-financed new development area located in Tianjin's Binhai New Area. Resting on a peninsula formed by Haihe River, the area spans a total land area of 3.86 million square-meters. The area is to be developed in four phases, covering more than 100 plots of land, equating to roughly 9.5 million square-meters of new development space. The project aims to diversify the regional economic base, which has traditionally depended on manufacturing and logistics.

By developing Yujiapu -- a brand new, master-planned commercial development -- Tianjin is following in the footsteps of other major Chinese cities that have created economic zones to spur development, including Shanghai (Lujiazui) and Guangzhou (Zhujiang New Town). But just a few kilometers away, in the TEDA development area -- one of Tianjin's best known development zones -- a mixed-use commercial area called TEDA MSD (Modern Services District) is also under development. Somewhat confusingly, TEDA and Yujiapu are separate areas, with





distinct leaderships and goals, but both are part of Tianjin's Binhai New Area.

To comprehend the genesis of Yujiapu, and similar commercial district developments in China -- it is important to understand that developers motivated by profit are unlikely to undertake a green-field development where there is no market and no infrastructure. The plan for Yujiapu is a grand one. Take an unused, former industrial site and transform it into a major base for the service sector. That process involves creating a master plan, building the base infrastructure, including transportation links, securing several anchor tenants and allowing time for the project to develop. Eventually, once a critical mass of tenants, services and other

support functions have come online, commercial developers will be attracted by the available land plots. More importantly, and if successful, the local government will have created a tax base with companies and individuals attracted to the area, providing income when the local manufacturing base eventually declines.

The Tianjin government put in place a plan to make this happen. They hired SOM (Skidmore Owings and Merrill) -- an experienced US-based architectural and planning firm that has developed a number of the world's most iconic buildings, worked on the Beijing Finance Street master plan, and many other city-level master plans across China and Asia. The government created a project company to undertake the initial

land and infrastructure development called TIFI (Tianjin Innovative Finance Investment company). They secured several anchor tenants for the office buildings, including Huaxia Life Insurance, Winland Group and the Tianjin Rural Commercial Bank. They also recently secured a major cultural resource when Julliard -- the New York-based performing arts institution -- announced plans to open a branch in Tianjin in 2018.

Whilst many scoff at such plans, they don't realize that Shanghai's Lujiazui skyline was developed in much the same way. Although today it has nearly one hundred skyscrapers, most of the original buildings were government-backed, including the Jin Mao tower, the Shanghai Stock Exchange, the Bank of China Tower, and the buildings for the Bank of Shanghai and Bank of Communications. Lujiazui was kick-started by central planning, not capitalism.

The completion of Yujiapu's railway station may instead be a signal that the government is capable and committed to establishing Yujiapu as a regional commercial center.

When planning the area, SOM took into consideration challenges that other new zones had faced. For instance, in Shanghai's Lujiazui area, a major road, splitting the area in half, made it difficult to get from one side to another; additionally, subsequent subway development made traffic challenging. To avoid this, the Yujiapu project routed a major highway

around the district and installed a pedestrian tunnel linking the train station to all the office buildings in the area. Office workers can transfer directly from the train station to their offices without ever going outside. Pedestrians will be especially thankful of this during the winter, and it will make the below grade retail space more valuable. Additionally, the developer pre-built subway tunnels so that in future years -- when the subway lines are built into the area -- construction will not disrupt activities in the area.

Yujiapu has also set aside significant areas along the river and within the business district for parks and green space. Two large parks are located in the start-up area, the first portion of Phase 1 to be built. There is also a hotel building reportedly going to be managed by an international hotel management company.

One criticism of Yujiapu is that there is no residential space completed to date, but rather the area is opening with nearly a dozen office buildings, a recipe for a sterile environment. Later phases of the project will include residential and this should help to see a steady increase of activity in the area. Another criticism has been that TIFI -- a local-government financing vehicle (LGFV) -- has taken on large debt to finance the project.

Its designation as a financial center reflected the hopes of some officials that financial firms could be attracted to the area. Yujiapu did indeed receive more flexibility than most of China to register private equity firms and asset financing companies in the district. These firms may eventually use Tianjin as a base, but a more likely set of tenants for the office towers are those who reflect the local economy, such as in manufacturing, shipping and logistics.

Directly across the river from Yujiapu is another area named Xiangluowan, sometimes referred to as Conch Bay. This area was developed before Yujiapu, but has been panned because a number of projects appear to be half completed or are for sale at bargain prices. A number of domestic developers bought land there and developed projects for strata title sale, but didn't have money to see their projects through. The result is that there was much property speculation and very little actual use, so the area feels deserted. Outside observers sometimes incorrectly conflate these two areas. TIFI has attracted criticism because it hasn't been able to attract and convert major office users yet, but TIFI still controls most of the buildings in Yujiapu and is, therefore, better able to manage the environment during the start-up phase.

Yujiapu has also set aside significant areas along the river and within the business district for parks and green space.

Much of the criticism of Yujiapu has been self-inflicted. TIFI's headquarters has a huge model of the master plan, but staff -- who can recite from memory impressive statistics and the names of companies they hope to attract -- couldn't answer basic questions that fell outside the script. And initially there didn't appear to be anyone on the staff with commercial real estate experience who could articulate how the development would actually work.

After a series of embarrassing encounters with international media deriding the area, TIFI largely shut the door to the media. Then came

reports that Rose Rock -- a group linked to the Rockefeller family, and who were supposed to be building the iconic, mixed-use development near the train station -- was at least temporarily shutting down its project. Other groups with links to New York -- a city TIFI looked to for inspiration -- including Tishman Speyer, have reportedly also quietly shelved their project for now.

However, things finally seem to be moving in the right direction for TIFI and Yujiapu. In 2014, Power Long -- a domestic developer -- opened a shopping mall nearby and although it needs to attract more footfall, the new transportation link will help, and struggling retail centers in China are hardly unique. With the train station now opened, visitors can easily access the area. In November, the government even held some promotional activities drawing students and young people to the area.

It was easy to be critical of Yujiapu, when it was half-built, unconnected, remote and empty. With a few anchor tenants now secured, an interesting skyline in place, a world class cultural anchor committed and a train that connects it with Beijing in 45 minutes, now is the time to start critiquing it. If it is successful, we will see more investment from the private sector, and TIFI will be able to do what the government did in Shanghai's Lujiazui -- that is, step back into the shadows and let visitors believe it was all the work of private enterprise and capitalism. **E**

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The Last (or First) Line of Defence Using Customs to Protect your IPR in China



Businesses in Europe have increasingly benefited from customs authorities acting to prevent counterfeit products from penetrating their borders – seizures of products infringing on others' intellectual property (IP) make news stories around the continent every week.

Not many businesses, however, realise that unlike most countries, Chinese customs authorities not only have the power to examine and seize criminal imports, but also exports. China Customs have the authority to protect IP rights by confiscating infringing goods and imposing fines on infringers. If the infringement of IP rights exceeds a certain threshold, then the customs authorities will also arrange for criminal proceedings to be brought against the infringing party.

Customs IP Regulations provide that IP rights can be recorded with the General Administration of Customs (GAC) in Beijing. Although it is not compulsory to record IP rights at the GAC in order to apply to local customs for enforcement proceedings, it is beneficial for a company moving goods in and out of China, because if IP rights are registered with Customs, then Customs has the power to detain at will any suspected infringing consignment of goods. In addition, local customs offices are more proactive when IP rights are recorded with the GAC, mainly because the recordal provides customs officials with easy access to internal IP databases and makes it easier to determine whether goods passing through customs are genuine or counterfeit. Recordal of IP rights also facilitates the process of commencing customs enforcement proceedings.

Given that the recordal of IP rights with the GAC is free and straightforward, recording with GAC is recommended by China IPR SME Helpdesk experts

Recordal of IP Rights with the GAC

The types of IP rights that can be recorded with the GAC are trademarks, patents (including those for invention, utility models and design patents) and copyrights -- separate applications need to be filed for separate IP rights. In the case of trademarks, for example, holders must submit a separate application for a customs recordal for each trademark in each class. At present, there are no fees associated with IP registration. To record IP with the customs authorities, you must submit:

- A copy of your business registration certificate (including a Chinese translation)



- A copy of the trademark certificate (China registration)
- Information regarding related licences (Customs do not want to withhold legitimate goods), photos of the goods and their packaging
- A power of attorney in the name of the agent responsible for the registration process, if one is used

This option is available to those who have not registered with Customs, however the process is quicker, easier and more likely to be resolved successfully if the right is already registered.

In addition, you can also register information about infringers that they may have collected independently, such as names, company names, contact details, etc. If you have detailed knowledge of specific deliveries of goods, you can inform the customs authorities, who will then examine the delivery in question.

Decision

Within 30 days of receipt of all relevant documents, the GAC will make a decision on whether to record the IP rights in question. If the GAC approves the submission, the recordal of IP rights is valid for the duration of the IP right or for a maximum period of ten years. Renewal of customs recordal can be filed six months prior to expiration.

Customs Enforcement Proceedings

There are generally two ways of commencing customs enforcement proceedings.

If you suspect that infringing goods are to pass through customs, you may file an application with the local customs office at the place of entry or exit of the infringing goods. You are required to provide the local customs office with a deposit to cover potential losses of the consignee or consignor and/or costs incurred by Customs for warehousing, storage and destruction of any infringing goods. This payment is usually made in the form of a bank transfer or cash payment. According

to the recently revised Customs IP Measures, blanket securities in the form of bank guarantees are now acceptable upon prior approval from the GAC. This option is available to those who have not registered with Customs, however the process is quicker, easier and more likely to be resolved successfully if the right is already registered.

This Ex Officio action by Customs is only possible if you have already registered the right with Customs.

If the customs authorities suspect that goods infringe IP rights, they will request that the consignee or consignor make a declaration regarding the status of such goods and the IP rights in question. If a declaration is not provided, the authorities will suspend the release of the goods and will immediately notify you. You must act within three days of notification, in order to file an application to detain the goods and commence customs enforcement proceedings, as well as provide the deposit to the local customs office. Given the short deadline, if a guarantee is made by bank transfer from an overseas account, the local customs authorities usually accept an advance copy of the bank transfer slip as preliminary evidence of a timely submission of the guarantee. This Ex Officio action by Customs is only possible if you have already registered the right with Customs.

You will also have to confirm whether or not the goods in question are, in fact, counterfeit. The customs authorities will make a final decision as to whether the goods infringe the IP rights within a six-month period. They will then decide whether to detain and destroy the goods, and

they can also fine the consignee or consignor. If the value of the infringement exceeds the limits stipulated in the PRC Criminal Law, the customs authorities will submit the case for criminal proceedings.

The customs authorities will inform you about its final decision and return any security payment made, after deducting expenses (such as for warehousing, destruction of the goods in question, or for losses incurred by the consignee or consignor).

Customs Recordal – points to bear in mind

The purpose of recording your IP rights at customs in China is to stop the export or import of infringing products and thereby preventing counterfeit versions of your goods from entering the international market. Recordal gives customs the ability to intercede autonomously if they believe this might happen.

Recordal of IP rights has, in the past, resulted in a number of encouraging results. However, in order for the customs authorities to make proper and quick decisions when checking goods passing the borders, you should maintain close contact with them. It is particularly important that you

provide them with a comprehensive description of your products, including pictures and samples (which you should retain), so they can easily recognise counterfeit goods. Customs authorities are also generally willing to attend ‘training’ meetings with you or your representatives, to allow you the best chance of limiting infringing products from crossing through customs in China.

In the latest implementation of customs regulations on IPR protection (effective as of 1 July 2009), you are obliged to provide Customs with as much information about the legitimate business usage of the right as possible, if you wish to continue to benefit from this service. For example, it is required that if there is any change to the information made in the recordal application, Customs must be notified within thirty days. Failing to meet your obligations can lead to your recordal being cancelled, so take the time to familiarise yourself with them. **B**

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Marketing Trends to Watch in 2016

By Justin Toy

The New Year is right around the corner so it's time to look ahead and see what marketing trends will help shape 2016. Over the past several years, digital marketing has undergone a number of profound changes, causing many marketers in the industry to be constantly playing catch up. Below is a look at seven trends that proactive marketers should be centering their marketing strategies around in 2016. Implement these and watch the sales roll in.



1. Relationship Marketing

The number of smartphone users continues to increase with an estimated two billion users worldwide now. This ability to be constantly connected with your customers all over the globe is allowing marketers and businesses to create a more intimate and personal relationship which is being dubbed "relationship marketing". Its goal is to focus on loyalty and building stronger long-term customer engagements rather than one-time sales and short-term customer acquisitions. Relationship marketing helps companies develop firm, emotional connections with customers which can lead to a positive word-of-mouth and lead generation. Through meaningful customer

relationships and conversations, companies can create loyalists and brand advocates.

2. Location-based Marketing

In the past, it was completely hit-or-miss if your marketing message actually reached your target audience. Today, marketers are able to leverage the power of location-based marketing technology to create interactive experiences and connect with customers as they come into contact with exhibits, products, services and apps. New technologies, such as iBeacons, are becoming increasingly popular in marketing campaigns. Small, and relatively

inexpensive, these transmitters are able to detect when compatible devices are nearby. They are perfect for using in merchandising areas and point-of-sale displays. A study completed earlier this year by inMarket showed that interactions with advertised products have increased nineteen-fold! Getting notifications of promotions and sales that are relevant and presented at the right moment is an extremely powerful influence on purchasing decisions.

Radio Frequency Identification Devices (RFID) are small electronic gadgets that contain a chip and antenna, providing a unique identifier. RFIDs are being increasingly used in cards, wristbands and apps, providing marketers and event organizers with opportunities to disseminate

information and boost their "likes" and "shares" across all social media channels. Budweiser implemented a campaign using RFID during the 2014 FIFA World Cup in Brazil. They developed the "buddy cup" where you could "Facebook friend" anyone that you clinked glasses with (provided they were also involved). Whole Foods is currently working on a new shopping cart with a tablet and RFID reader. The cart will allow consumers to upload their shopping list to the cart. As the shopper adds items to the cart, their list will be updated using RFID technology.

3. Virtual Reality

Virtual reality (VR) and augmented reality are on the cusp of being the next big technology. Facebook bought Oculus Rift for two billion dollars back in 2014 in an attempt to stay ahead of the curve. Facebook CEO Mark Zuckerberg realizes the potential of VR as the platform that will eventually change the way we do everything. Back when he acquired Oculus he said that "mobile is the platform of today, and now we're getting ready for the platforms of tomorrow."



VR will allow customers to completely submerge themselves in an immersive environment that looks and feels completely real. For now, VR is still just a novelty and hasn't quite reached the mainstream yet. Many analysts predict it will start to be more ubiquitous in the gaming industry in 2016. Additionally, as the technology to create and consume becomes more accessible, smart marketers will look for ways to bring their products to the virtual world. Imagine driving virtual models of BMWs, Ferraris, and Aston Martins in the newest Gran Turismo racing games.

Relationship marketing helps companies develop firm, emotional connections with customers.

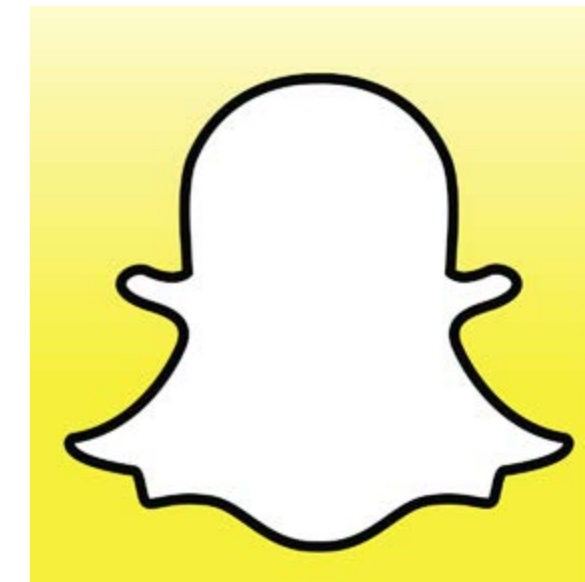
Virtual reality technologies, like Oculus Rift and Magic Leap, will inevitably have a huge impact on the way that marketers engage with consumers in 2016 and beyond. With the ability to literally submerge consumers into stories, marketers will be able to connect with audiences like never before. At the same time,



VR will allow access to incredible new data and metrics that can help refine future marketing campaigns. Marketers will be able to track eye movement while the headsets are on, allowing them to know what colours and images individual consumers prefer and find engaging.

4. Ephemeral Marketing (Marketing with an expiration date)

Snapchat, and other ephemeral sites, are quickly moving from



being marketing experiments to becoming standard marketing platforms. Marketers are beginning to understand that Snapchat isn't just a flash in the pan or a sandbox for marketing experiments. It is a platform with over 50 million users who are digesting social media in real time.

A number of marketers have been creating exclusive content which disappears after it reaches its expiration date. This "less is more," or ephemeral, marketing approach is all about the concept of succinct communication. In a world where people have volatile attention spans, this model works. Brands such as ESPN, Vice, and Comedy Central have been using Snapchat to primarily increase brand awareness and drive a specific marketing strategy. On Snapchat, the advertisement itself becomes the product. Take advantage of this opportunity to connect using just a small window of your audience's time. Be genuine, speak your their language, and keep it simple.

5. Internet of Things (IoT)

The Internet of Things (IoT) will continue to grow with wearable technology such as smart-watches and fitness trackers at the forefront. In America, wearable technology is currently estimated to have an adoption rate of approximately 28 percent but this figure is expected to

grow considerably in 2016. These new IoT devices will provide marketers with a treasure trove of user data that can be analyzed to bring new insights and opportunities.

In the future, ads will have the capacity to target people based on their every move. Going out for a jog? Here are some coupons for new running equipment. You just finished that box of cereal? Would you like another box sent to your door or perhaps try a different flavor? The power of these devices does seem a bit intrusive and unsettling. However, at the same time, they have the ability to help automate routine behaviour and make our lives more efficient.

Virtual reality technologies will inevitably have a huge impact on the way that marketers engage with consumers.

6. Mobile Domination

During 2015, Google announced that mobile traffic finally overtook desktop traffic in 10 different countries. They also released the "Mobilegeddon" algorithm update that will phase out sites not optimized for mobile. However, you don't have to have an optimized desktop site in addition to a mobile version. According to

Google, a mobile-only site with no desktop counterpart is perfectly acceptable. This alone won't decrease desktop traffic, but it's clear that Google sees desktop traffic fading away. Marketers should forget about optimizing websites to be viewed on desktops and focus on mobile marketing and new marketing trends.

7. Automated Marketing

Today, marketers are spending at least 50 percent of their time on content. As more and more time is dedicated to delivering well-researched, high quality content, smart marketers are looking to save time by automating as much as they can. Marketing automation itself is a growing industry worth an estimated 5.5 billion dollars and is also helping companies with lead generation and prospect nurturing. Using a marketing automation platform makes it easier to schedule emails, segment contacts, automate social media postings, manage your content, and track the lifecycle of customers in your marketing funnel. This automation trend is allowing many firms to stay lean, focused and as profitable as possible without sacrificing on quality. **B**

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Chinese Taxation Recent Updates

PART I

1. Stricter Rules on Overseas Remittance to Affiliates: Circular 16

It has been the usual topic in China – how foreign investors cash out from their existing subsidiaries there. The most usual channels have been the following:

1.1 Dividend distribution

When the subsidiaries in China have generated profits, dividend distribution can be resolved after the compensation of previous losses and the accrual of relevant statutory reserves, according to Chinese corporate rules.

Normally, the distribution of dividend would be subject to the Chinese withholding tax (enterprise income tax) amounting to 10 percent of the distributed. Some double tax treaty ("DTT"), entered into by China, grants preferential treatment on the withholding tax rate, i.e. five percent upon the meeting of relevant conditions.

There is no indirect tax to be levied on dividend payment.

1.2 Royalty payment

Where foreign affiliates provide usage rights for relevant intellectual property (IP) to Chinese subsidiaries, the foreign affiliates could charge royalties from the latter. Normally, the

IP could be trademarks, technologies or just know-how.

Payment of royalties would be normally subject to the Chinese withholding tax amounting to 10 percent of the payment. Some DTT entered into by China provides a lower withholding tax rate, i.e. seven percent upon the meeting of relevant conditions.

The payment of royalties would be also subject to Chinese VAT at a standard rate of six percent, which shall also be withheld by the Chinese payer during remittance. The six percent VAT can create input VAT for the Chinese payer, if s/he is a general VAT payer (GVP) in China. Royalty for the usage of relevant technology might be entitled to a VAT exemption if the import of the technology can be recognized by the relevant provincial-level technology department in China.

1.3 Service fee

Where foreign affiliates provide certain services to Chinese subsidiaries, normally the former would charge service fees from the latter.

Whether the payment of service fees is subject to Chinese enterprise income tax (EIT) would depend on the foreign provider having a permanent establishment (PE) in China by virtue of relevant DTTs and Chinese domestic EIT laws. Normally,



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(Associate)

in general terms and depending on each DTT, a PE could be any of the following:

- A fixed place in China by the foreign provider, e.g. office, factory
- A dependent agent of the foreign provider, which can conclude contracts in China on behalf of the foreign provider
- Assignment of personnel to China by the foreign provider for the provision of services, who stayed in China for more than six months (183 days) out of any consecutive 12-month period

If there is a PE, the service fees would be subject to Chinese EIT at a standard rate of 25 percent by a deemed profits rate of no less than 15 percent. If there is no PE, the service fees would be free from Chinese EIT.

By virtue of Chinese VAT reform,

many modern services -- e.g. consultancy services -- become subject to VAT at a standard rate of six percent, instead of original business tax (BT). The six-percent rate can create VAT input for the Chinese payer if s/he is a GVP in China.

Where foreign affiliates provide usage rights for relevant intellectual property (IP) to Chinese subsidiaries, the foreign affiliates could charge royalties from the latter.

It may be noticed that the amount of dividend can be ascertained by actual book figures, whilst the pricing for services and royalties between affiliates might be a more discretionary pursuant to business considerations within same group companies. In addition, service fees may be cashed

out without any Chinese tax cost -- i.e. when all the services are provided offshore from China, there would be no EIT charged, and the six percent VAT would not be an expense for the parties since it can be used to offset the VAT payable for the Chinese payer.

Chinese tax authorities have noticed such potential discrepancies in their taxation administration, and therefore issued Circular 16.

Circular 16 re-emphasizes both the application of the arm's-length principle for affiliated transactions and the business substance of the transactions, notably:

- General controlling, supervision, and management services that foreign affiliates provide to Chinese subsidiaries in order to maintain the good status of its Chinese investment may not constitute business substance of the services

the original regulation within Chinese EIT Law (2008), that any expenses irrelevant to the business operation of an enterprise may not be deductible for EIT.

- Services which can be performed by the Chinese subsidiaries themselves cannot constitute business substance if foreign affiliates provide them

- Royalties paid to the mere owner of certain IPs (which actually have no contribution to the value its usage) may not constitute business substance of the royalty payment

- For IPO purposes, royalties paid to overseas established holding companies or financing companies may not constitute business substance.

The aforementioned affiliated payments -- among others -- without a business substance do not constitute expenditure for the Chinese subsidiaries and, thus, cannot be deducted before the calculation of the EIT payable. This effect is based on

When the subsidiaries in China have generated profits, dividend distribution can be resolved after the compensation of previous losses and the accrual of relevant statutory reserves.

Garrigues' comments:

Multi-national companies (MNC) are recommended to observe their existing agreements for cross-border charges from Chinese subsidiaries, especially considering that general consultancy services for general

control of the subsidiaries (e.g., shareholders' activities, including the plan, management and supervision of the operation; human resources and financial matters of the Chinese subsidiary) may no longer represent qualified business substance. It's suggested that engineers or specialists from other departments be involved in the initiation of relevant service agreements, subject to underlying business, in order to input professional terminologies and areas to qualify for business substance. **3**

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Framework vs Steps When each should be used While solving a problem



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Finding solutions to delicate and worrying problems is where a CEO really earns his crust. But how should he approach this problem to achieve the best and most efficient results? In this article, I will present two ways of solving problems -- the first is the framework approach; the second is through the use of steps.

Through the framework approach, when faced with a new and complex problem, the CEO often overcomes the obstacle by dividing it into simple components, then working on each sub-problem on its own. To do so, the decision-maker will develop a framework where he will break his difficult task into smaller obstacles. The CEO will do that, simply because he doesn't know ahead of time what he will ultimately do. As management consultants, we are always working on projects where we have to solve unknown and complex problems -- the only way to approach these problems is to build a framework.

About a year ago, one of our American clients came to me and said: "Marwan,

the middle class society is growing in China; we should care to take advantage of this situation and have a presence in the PRC region". Helping my client, Jim identify the best legal structure to register in China -- to optimize everything about his software company -- was not an easy task. To simplify the matter, we decided to first build a framework, and then divide the main problem into smaller sub-problems. We divided it into two parts: one inside china and the one outside China.

Apply the divide and conquer approach to get things done.

Subsequently, we decided to break these two parts into even smaller ones. For mainland China, we raised eight sub-problems, where we presented all the channels that could be used to register a foreign entity in China. These included: two joint-venture types (E-JV & C-JV); a Wholly Foreign-Owned Enterprise (WFOE); a branch office; a representative office; a foreign-invested company limited by shares; a foreign-invested holding company and, finally, a partnership. These sub-problems were further divided into micro-problems. Here, for each channel, we raised several issues, such as the time needed to establish a company, the requested fees and capital for the incorporation, money transfer matters as well as tax issues.

Finally, we documented the research needed to collect all the information that answered the questions in our framework. The same process was applied for registering an entity outside of China. The framework, along with the research, allowed us to identify the type of entity that could best serve the company's short- and long-term objectives.

In some cases, when we are solving unknown and difficult problems, we build the framework, divide the problem into sub-problems, and then try to solve each one on its own. We implement several rapid iterations for each one, where we might try and fail several times but, in the end, we will manage to find a way.

Moving to our "steps approach" now and, for this approach, when the answer to a problem is already known, the CEO will proceed by outlining steps. Here he will apply the "divide and conquer" approach, simply because his sole objective is to get stuff done. The steps approach is usually applied to a "known problem".

Going back to our example, we recommended our client, Jim to establish a partnership entity in TEDA, as it represented the best legal structure for his firm. Now that he knew which structure to work with, Jim decided to implement the process and establish his company in Tianjin. He divided the process into several steps. First, he asked his Chinese assistant to request all the required documents from the registration bureau. Then he hosted a Skype call with his partners -- both in China and overseas -- to determine the best way for the partnership to cooperate. Jim's lawyer then started to deal with the registration bureau to finalize the registration process. Finally, his accountant, along with his HR staff, took care of the remaining matters, such as tax and employment issues, and social security.

Build a framework and divide the main problem into smaller sub-problems.

Basically, what Jim did in the steps approach was to divide the registration process into new



partitions, and then asked the person in charge of each partition to handle his or her task. As mentioned, he had previously used the divide and conquer approach in order to implement and finalise the registration process.

In conclusion, both the framework approach and the steps approach are tools used to help resolve obstacles. Nonetheless, if we find ourselves facing an unknown issue, the best way to handle such matters is to build a framework, even though the period allocated for each sub-problem in a framework approach is less concrete than the partitions in the steps approach. At the end of the day, you care to solve your problems, and for each situation there's a tool -- you simply need to use the right one at the right time. **B**

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Tianjin Metro Developments: Monocentrism to Polycentrism

By Richard J. Cook



There is a lot of hype around Tianjin, and what it is to become over the next few years. Over the course of the last year, 'On the Horizon' has painted a systematic picture of many developments across the city and municipality. However, it is the Metro blueprint which truly gives us the most insightful perspective of the city's urban configuration. For years now, Tianjin Metro has dominated discussions around the city, and rightly so, as it will play a huge part in the rise of the city's economic pre-eminence.

The metro system's four operational lines currently account for – on peak days -- a ridership of about 1.1 million, with an annual number close to 42million. The completion of the full metro system will have a direct effect upon Tianjin's population, impacting seven million inhabitants in the urban area and 11 million once its rural areas are linked in. An additional point would be the resounding success of Tianjin Metro so far. Its quality of service, environment, security and operation scored 88–94 percent for customer

satisfaction in 2013. A commendable set of results when compared to other cities around China.

The completion of the full metro system will have a direct effect upon Tianjin's population.

Information Sources

A significant issue with the Tianjin Metro Project is sourcing reliable information. To date, there have been numerous reports detailing different plans, completion times and line extensions. For many, a simple conversation with a local about the network can bring confusion. Metro gossip has it all, from bogus claims to hearsay cancellations. Netizens bounce back and forth through online reports trying to get some indication of a reliable completion date – it's all very frustrating. A multitude of reports have conflicting data on the matter, largely due to significant delays and problems which

occurred during the construction of overlapping segments on metro lines 5 and 6 -- the latest installments on the network. However, over the past two months, the picture has become a lot clearer, thanks to some updates from Tianjin Metro Group Co.

Making Sense of it all

A city the size of Tianjin -- in terms of geographical area and population -- is bound to have shortcomings when it comes to such complex projects. It's attempting a huge rapid transport revolution, on a scale many Western cities can't comprehend. This transport revolution is single-handedly the largest development the city has ever undertaken and, for a city that may well become the third largest GDP contributor to the global economy by 2030 (WEF), an efficient transport network is key.

Lines 5 and 6 will be the latest installments. Once completed, they will introduce Tianjin's first metro ring, greatly increasing the flexibility of transport and extending its range considerably. Line 6, specifically,

will draw a significant number of passengers. It will link the major outer residential zone Jinnan, the Haihe Education Park -- containing the campuses of Nankai and Tianjin Universities -- and the Meijian Convention Centre. Both lines are expected to be completed in early 2017, provided there are no more setbacks.

Line 4 will extend 36 kilometers from Tianjin-Binhai International Airport and will run through the city center before heading north-west to the border of Hebei province. However, with work only beginning last year, it's not scheduled to be completed until 2020.

Line 7 will serve the city's south-east district, running 25.5 kilometers from Dabizhuang to Liqizhuang. Line 8 will act as an arching route across the north-west, linking the end of Line 3 at Xiaodian to Jieyuanxidao on Line 2 and then on to South Station. Line 7 and 8 seem to correlate towards another outer metro ring, to a certain degree.

Line 10 will serve the western new town belt -- as early as 2019 -- stemming across the south towards the south-west, offering connections from rural areas to Lines 1, 2, 4 and 5. Line 11 is scheduled to begin construction next year, with a completion date of 2020 -- it is expected run along the western/south-western outer ring road area, aimed at reducing serious congestion on the roads, and linking up the developing residential zones in the south-west, in a similar fashion to Line 10.

As for Line 9 -- well, following the August 13th explosion in Binhai, there's still a significant amount of repair work to be done, as well as safety tests, before it can be re-opened.

Tianjin's habitability

When the urban and rural population stats, plans for the metro and other commercial/residential development zones are collectively analyzed, a pretty interesting picture comes into focus.

As the analysis shows, the different zones of Tianjin are going to form a matrix of sectors, each with their own corresponding purpose. Frankly speaking, it is a citywide division of labor, which panders to the trend of suburbanization. The indicators are pretty clear and consistent, and conform to Tianjin moving away from a monocentric city model towards a polycentric city model, or an "edge city model" as some would term it.

The eventual completion of the project will bolster workforce movement, redistribute resources and reveal the new aforementioned polycentric urban model.

The concept behind this so-called "division of sector responsibility" falls into the pretense of "what makes a city livable?" Considering Tianjin's population and its population distribution between two primary urban polarities (Tianjin City Centre and Binhai), there is a need to redistribute residential and commercial zones. If a monocentric model were continued, the two urban polarities would be overcome with overcrowding and a lack of viable space, a major stumbling block for economic growth.

The new metro network is going to allow this polycentric urban model to facilitate new Central Business Districts (CBD) across Tianjin. As well as this, the increased ease of commute will combat the surrounding "ghost cities" issue which again was national news recently. What does that mean for these areas you may ask? Well, to put it bluntly, residential and commercial property prices are relatively low in these areas. As we close in on the completion of the new metro lines, these prices are going to increase. Already, in areas such as Jinnan, and the outskirts of Binhai, people are flocking to capture a bargain buy, even if that means it won't be occupied from some time yet.

The eventual completion of the project is going to usher a new era for the city, without a doubt. The accessibility that it will bring will bolster a movement of labor, redistribute resources, and reveal the new aforementioned polycentric urban model. Stemming from the metro network will be a redesigned surface transport network as well. These transport network components include bus services and green transport spaces: all in all, they're trying to reduce car-commuting dependencies. A polycentric urban layout ultimately requires efficient modes of commutability, and considering the city's outstanding congestion problems, it is critical to implement this new surface transport network as well.

Commentators and analysts have taken to the plans relatively well, stating that Tianjin will be one of the most habitable cities once the new metro lines are opened: perfect for a city aiming to be at the apex of the national, regional and global economies by the early 2020s. **■**

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Official Opening and Launch @ TEDA MSD Youth Plaza

On October 28th, the TEDA MSD Youth Plaza project -- was included in the Top 10 of people's livelihood projects -- was officially opened. With the opening of shops like McDonalds and Pioneer Studios, it will raise the commercial quality of the area, increase business-supporting services and further enrich the recreational culture and lives of personnel who are in area.

The most important part of the Tianjin Development Zone is that after 12 years of construction and development, the West Zone of TEDA has gathered a large amount of well-known domestic and foreign enterprises. It has become the main battlefield for attracting investment and an important growth point for

economic development. Currently, it has attracted almost 100,000 youth groups with high incomes. Since the Youth Plaza was put into operation, the people in the West Zone of TEDA have been able to enjoy high quality, modern and convenient entertainment services. Furthermore, it is no longer purely an industrial area, but now a new type of industrial area with more city functions.

TEDA MSD Youth Plaza was developed by Tianjin TEDA Development Co., Ltd. and is situated at the crossing of Xingye Sixth Avenue and Chunhua Road, West Zone of TEDA, Tianjin -- separated from the West Zone Administrative Commission by one road. It lies in the core and golden section of the

West Zone of TEDA. This project is a three-story commercial complex with a total area of 16,000 square-meters, integrating shopping, catering, entertainment and recreation, including various kinds of commercial stores like movie theaters, KTVs, supermarkets, restaurants, retail stores and more. This project is positioned as the one-stop center for living consumption.

The TEDA MSD Youth Plaza project was established in 2014. It aims to fill the regional business blanks and offer a life consumption experience, combining eating, drinking and entertainment, with shopping for everyone.



2015 Marriott International Global Customer Appreciation Week: A "Metropolitan" Cocktail Party @ Renaissance Tianjin Lakeview Hotel

November 4th, Marriott International Tianjin Cluster GCAW event. The Metropolitan cocktail party was held at the Renaissance Tianjin Lakeview Hotel. As part of Marriott Global Customer Appreciation Week, four Marriott hotels in Tianjin took the opportunity to show their appreciation to all of their clients, customers, and partners. There were more than 200 people at the event and it was celebrated in an amazing atmosphere.

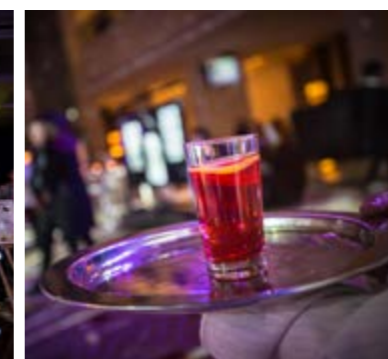
Mr. Doo-Hyun Shim, Director of Sales Marketing of Renaissance Tianjin Lakeview & MEA Tianjin Lakeview; Mr. Hugo Zhang, General Manager of Renaissance Tianjin Downtown Hotel; Mr. Rudy Zhang, General Manager of Marriott Jixian Hotel; and Mr. Javier Gimeno, General Manager of Renaissance TEDA Convention Centre Hotel & MEA Tianjin TEDA made a joint-toast and took the opportunity to thank all of their customers who chose Marriott.

During the event, the hotel prepared varieties of delicacies and drinks, while guests were also able to

enjoy the live band and Jazz dance performance. More than that, the hotel invited LET'S NAIL studio, who made the exclusive party-themed (Black/Purple/White) nail polish designs for all the ladies and also gentleman on the wonderful night.

At the end of the party, the lucky winners in the draw had a huge surprise when they heard what they won -- room vouchers for Marriott

Hotels in China and Thailand. Global Customer Appreciation Week is an opportunity to highlight the great customer service provided by our associates. It is a time to reinforce relationships with existing customers and establish connections with new ones.



“Korean Palace Cuisine Festival” Opening Ceremony @ Renaissance Tianjin Lakeview Hotel

Renaissance Tianjin Lakeview Hotel hosted “Korean Palace Cuisine Festival” Opening Ceremony and Korean Cultural Performance on November 17th. In collaborating with the Korean Cultural Center, China, Korea Agro-Fisheries & Food Trade Corp., and Korea National University of Arts, this is their third Korean Food festival.

Mr. Kim Jin-gon, the Director of Korean Cultural Center China joined the opening ceremony and delivered the address. The Korean Cultural Performance gave more than 800 audience members an unprecedented experience through a combination of traditional and modern Korean culture.

The opening ceremony began with the traditional Korean dance-the-drum dance. The drumbeat and light-effects gave the audience a joyful atmosphere. A singer brought traditional solos. Moreover, a group of dancers performed the beautiful fan dance. Last but not least, the musical Bibap. It’s the first ever performance combining eating and entertainment. In the musical, the making of the traditional Korean dish bibimbap becomes the main theme and it is transformed into a non-verbal performance, perfect for

everyone’s taste. The musical was the climax of the whole performance.

At the end of the party, Renaissance Tianjin Lakeview expressed their sincere appreciation to all their guests. The lucky draw winners were presented with room vouchers from Marriott Hotels in China and Korea.

The opening ceremony of the Renaissance Tianjin Lakeview Hotel “Korean Palace Cuisine Festival”. From November 16-29, the BLD restaurant is providing traditional Korean Palace Cuisine and Temple Cuisine. Tianjiners can taste more traditional Korean food and have opportunities to experience Korean culture.



Tianjin proudly hosts the Jose Carreras concert together with the Tianjin Grand Theatre @ Shangri-la Hotel, Tianjin

World-renowned singer, and one of the Three Tenors, Mr. Jose Carreras performed at Tianjin’s Grand Theater on November 15th. Supported by the Tianjin government -- as one of the most important musical projects of the year -- the Shangri-la Hotel, Tianjin was chosen to accommodate the revered singer during his time in the city.

The international concert was not only the finest musical event of the past decade in Tianjin, but a grand celebration for the ever-growing demand for high quality concerts in the city. Carreras’ consistent pursuit

of excellence is admired by all, as he continues to delight audiences each and every time with his performances. During his concert, Carreras performed the classics and presented the power of musical art for his Tianjin audiences.

Jose Carreras was born in Barcelona, Spain in 1946, and made his operatic stage debut at the age of 11. He went on to win first place in the Italian singing contest -- Sound of Verdi -- and gradually gained fame with a wider audience as one of The Three Tenors along with Placido Domingo and Luciano Pavarotti.

The general manager of the Shangri-La Hotel, Tianjin, Mr. Hakan Ozel said: “We are incredibly honoured and very excited to have hosted Mr. Carreras during his visit to Tianjin, and the Shangri-La Hotel, Tianjin was proud to be working closely with the Tianjin Grand Theatre Company and Tianjin government in making this event a success”.



SPG Pro Tianjin Media Party @ Starwood Tianjin Hotels

SPG Pro, an award-winning loyalty program for meeting and travel professionals from Starwood Hotels and Resorts, is celebrated its one-year anniversary. Six Starwood Tianjin Hotels -- The St. Regis Tianjin; The Astor Hotel; A Luxury Collection Hotel, Tianjin; The Westin Tianjin; Sheraton Tianjin Hotel; and the Sheraton Tianjin Binhai Hotel held a cluster media party to mark the memorable moment. More than 20 Tianjin media and peers participated. SPG Pro has revolutionized the B2B loyalty space as the first program of its kind, to reward members across all segments, for all business booked at Starwood, and provides customers with the opportunity to enjoy the benefits of SPG membership.

Alison Taylor, Senior Vice President of Starwood Sales Organization, said: "SPG Pro allows us to reward our customers like nobody else, offering one holistic program that recognizes

the personal and professional bookings with us. Just one year in, SPG Pro has generated significant revenue, grown our member base in 189 countries, and rewarded enough points to book more than 150,000 room nights. As we look to be the easiest and most rewarding company to do business with, we will continue to grow and evolve this platform for our global customers."

Mr. Martin L. Leclerc, General Manager of The St. Regis Tianjin, said: "It is a milestone for our SPG loyalty program. We receive a lot of positive feedback from our customers and guests. The richest group promotions in SPG history will let SPG PRO members fully utilize their benefits from this program."

The Power of Loyalty
SPG Pro offers meeting and travel professionals the ability to earn SPG elite status, upgrades and Starpoints

for B2B business booked at any of Starwood's 1,250 properties around the world. Plus, any SPG member who books an eligible event -- whether that's a corporate business meeting, holiday party, wedding, family reunion or social event, regardless of whether they are a professional meeting planner or not -- will earn Starpoints and status for the business they influence.

Earn Rewards Twice as Fast
To celebrate this exciting milestone and the success of SPG Pro, Starwood launched the richest meetings and events promotion in SPG history: SPG Pro Double Double. SPG Pro Double Double offers members the opportunity to earn double Starpoints and double eligible nights towards elite status on meetings and events booked through December 31, 2015, for arrival by December 31, 2016. SPG Pro Double Double provides members with the opportunity to earn event rewards twice as fast at all 1,200+ hotels and resorts worldwide, across all 10 Starwood brands.

To learn more, register at spg.com/double. Or for more information about SPG Pro, visit spg.com/pro



Wonderful Wedding Class @ Tangla Hotel Tianjin

The first event for the beautiful bride started at the Tangla Hotel Tianjin on October 31st. The activity was organised by Queeny Wedding, and it focused on assisting couples to prepare for their wedding day, in terms of offering suggestions and decorating procedures. It attracted a large amount of couples.

As the flagship of Tangla, the high-end hotel brand of HNA Hospitality Group, Tangla Hotel Tianjin carries the essence of traditional oriental culture. Every romantic occasion here honours a love story that spans from perfect proposals and dream weddings, to unforgettable honeymoons and cherished anniversaries. The Grand Ballroom -- beautifully decorated to suit the most romantic moments -- is equipped with the latest audio visual and lighting system, the cornerstone of every quality wedding. The specially-arranged Wedding Room, exuding understated charm and romance, is the sweetest finish to the most

important day of your life.

The activity mainly taught brides a lot of requirements and suitable behaviours during their wedding day, such as how to hold flowers which have different meanings. And, most importantly, each flower represents distinguished and valuable emotions. By making these flowers by hand, it is the best way for brides to transfer their true emotions.

What's more, the activity also offered couples consulting opportunities from the beginning of the wedding preparations to the actual wedding day, as well as assisting with wedding steward services.

The activity held at Tangla Hotel Tianjin, exhibited wedding products which have unique, eastern culture characteristics. In order to increase the publicity and brand image of Tangla Hotel Tianjin, this new wedding steward service had unbelievable quality.



Entering a "Golden Age" of Sino-British education: New Bund and Wellington College join forces on bilingual education project @ Wellington College

As President Xi Jinping's successful state visit to Britain marks a new "Golden Age" of Sino-British relations, New Bund -- a division of Shanghai Lujiazui Group -- and Wellington College signed a cooperation framework agreement to jointly develop the 'New Bund Wellington College Bilingual Education Project'. The project marks another major breakthrough in Sino-British education cooperation.

Following the successful joint launch of Wellington College International Tianjin and Wellington College International Shanghai, Lujiazui Group and Wellington College have again joined forces to create 'New Bund Wellington College Bilingual Education Project'. The project embraces Wellington College's ethos, values and model to meet China's domestic demand for high-quality education.

The project will fully integrate the concepts of Chinese and British

education. Furthermore, it will build on the foundation of China's educational heritage and mainstream values, and be linked to the eight aptitudes of Wellington College, to provide an exceptional educational environment, underpinned by quality educational resources.

Ms. Tao Jianwen, General Manager of Shanghai New Bund International Business District Investment (Group) Co., Ltd., said: "The 'New Bund Wellington College Bilingual Education Project' will add momentum to the exciting developments taking place in education in Pudong and Shanghai at large. It will play an important role in shaping the New Bund international community. We are looking forward to the opening of Wellington College Bilingual Shanghai, which I believe it will become an excellent choice in early-years' education for Shanghai families."

During the signing ceremony,

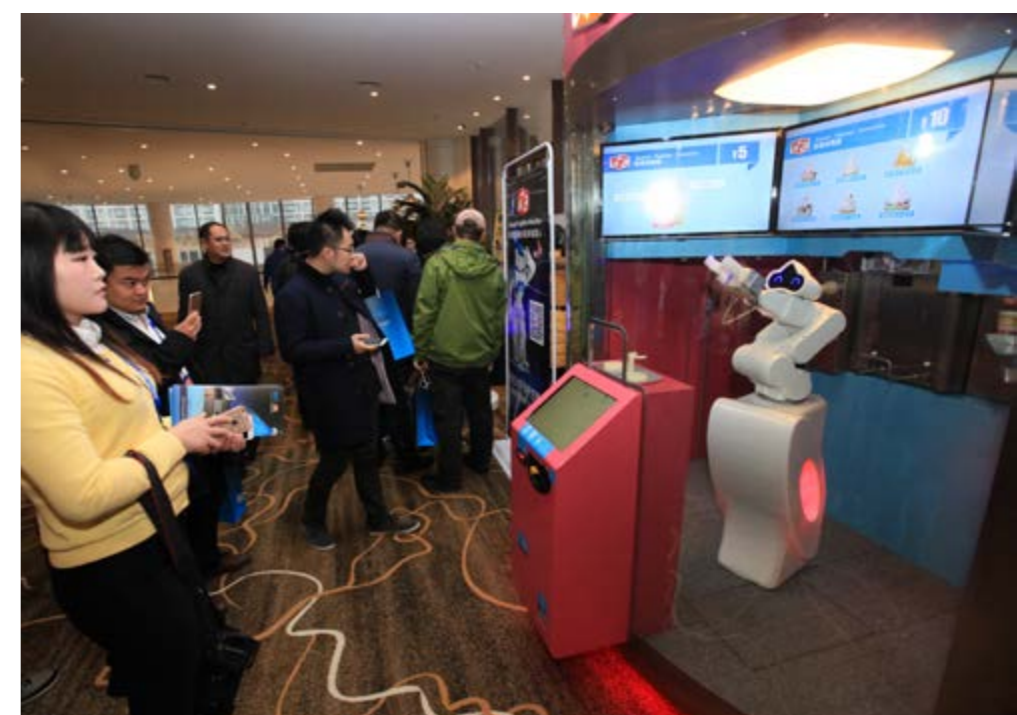
the Head of Education and Skills, UK Trade & Investment, British Consulate General, Ms. Liu Jing, said: "The 'New Bund Wellington College Bilingual Education Project' is undoubtedly another successful example of Sino-British educational exchange and cooperation. She added, "The 'Golden Age' of Sino-British relations is opening a broader space for the development of British educational exchange and prospects for more cooperation. We want to support the Chinese government and enterprises, as well as academic and other relevant institutions, in bringing high-quality British education resources and partners to China to promote mutually beneficial cooperation in education".



Society Hill Robot Development and Investment Conference held successfully @ Tianjin Society Hill International Conference Center

Society Hill Robot Development and Investment Conference was held last month to discuss core themes concerning the latest news in technology, products and future trends in robotics. It was held in the Tianjin Society Hill International Conference Center and was closed successfully on November, 21st.

The conference was hosted by the Jinghai District Government, Tianjin and Tianjin National Investment Group. The aim of the conference was to discuss development trends and the new market opportunities for the robot industry. It communicated to attendees the latest information on related policy, technology and studies to promote the robot industry development. The conference, aimed at addressing technology innovation, communication and technology research catered for both salesman and users.



Past Events:

Tianjin's First Joint Chamber Golf Tournament

Date: October 17th

Venue: Tianjin Panshan Golf Club

With tremendous support from our main sponsors -- Ning Fa Group, Takasago and Huatong -- Tianjin's First Joint Chamber Golf Tournament was successfully held at the Tianjin Panshan Golf Club on October 17th. This was the first golf tournament jointly organised by AmCham China, and the Tianjin and Hong Kong Chamber of Commerce in Tianjin. Jon Reed, Vice-Chair of AmCham Tianjin's Executive Committee, opened the event, while Michael Yeung, Chairman of HKCCC hit a coloured golf ball which marked the beginning of the tournament.

After an exciting day of golf, members and guests enjoyed an appetising dinner at the Jixian Marriot Hotel. We would like to thank all the hole sponsors: Tianjin Custom Wood Processing, Renaissance Lakeview Hotel, Tianjin International School, HSBC, Hope Fluent and Sakura; and all the prize sponsors. All in all, it was a great success and we thank everyone who was involved.

Winners:

1st place: Rick Emerson & Jeff Scranton

2nd Place: Liao Qiuzhong & Liang Weijiang

3rd Place: Jeff Xue and Jason Wang

Longest Drive: L. Tam

Closest to Pin: Xia Gang & William Hung

Best Putters: Jon Reed and Carl Hammond



Women's Professional Committee (WPC) Executive Lunch

Date: October 29th

Venue: Shangri-la Tianjin



AmCham China, Tianjin welcomed Ms. Susan Sun as the guest speaker at this month's Women's Professional Committee lunch on October 29th. The CEO of E-SMART Relocation Consultants, Susan introduced and demonstrated Niguma Yoga, which was created by India's Lady Niguma more than 1,000 years ago. She learned the discipline from the first American-Tibetan monk, Geshe Michael Roach and is authorized to teach it in China. She explained why it is easy to learn and practice and how it helps us open the six major chakras in 30-40 minutes.

The ladies enjoyed both the lesson and the lunch provided by the Shangri-la Tianjin. The Tianjin Women's Professional Committee will continue to combine networking with lessons in culture and business through more events next year.

Upcoming Events:

3th December, 4:30pm-8:30pm - Tianjin Annual General Meeting and 2015 Appreciation Dinner, The Astor Hotel

9th December, 2:00pm-5:30pm - First Aid Training, Shangri-La Hotel, Tianjin

17th December, 7:15am-9:00am - Monthly Executive Breakfast Briefing, The Ritz-Carlton, Tianjin

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:

Interchamber Breakfast Seminar

Lean Culture Change Management: How Real

Teamwork and Neuro-leadership make you a more Successful Company

4 Nov 2015



Lean Management has become an important issue for company success in recent years. To provide deeper insights into this topic, the German Chamber of Commerce -- together with the EUCCC -- organized this informative and practical Breakfast Seminar about Lean Culture Change Management on November 4th, 2015. The speaker -- Mr. Weert Jacobsen-Kramer, Owner and CEO of Team Think -- shared his knowledge on how to create mind-set change in organizations that make Lean Management tools work. Further, he introduced insights of Neuroscience about a more efficient leadership style. During interactive Q&A sessions, participants had the opportunity to share their experiences and ask questions.

Upcoming Events:

Save the date: German Christmas Market

13 Dec 2015

We are approaching the end of 2015 so that means Christmas is just around the corner. To celebrate this very special time of the year with you, we invite you to our German-style Christmas Market at The Astor Hotel Tianjin on Sunday, December 13th from 11am until 4pm. You can look forward to a market with festive ambience, Christmas music and a delicious buffet -- including specialties like roast turkey and stollen. Several vendors will be at the market to sell everything from Christmas decorations to Lebkuchenherzen (gingerbread hearts). As Christmas is all about giving, Christmas handicrafts from the Charity Bazaar Beijing can be bought and revenues will be donated to aid projects. On the outside terrace, grilled German sausages will be served together with some warming Glühwein (mulled wine) to withstand the winter's cold. Not forgetting the children of course, we will prepare some exciting activities at the kids' corner inside. Santa Claus will be at the market as well to give little gifts to the children and special prizes to the adults at the lucky draw. The market will be both inside and outside, so our guests are highly recommended to wear warm clothes.

4th December, 6:30pm-10:00pm - German Chamber Christmas Dinner (members only), Paulaner Tianjin

10th December - Seminar -- Legal and tax environment for German SMEs in China



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

Chamber Reports

Past Events

First Education Roundtable 27 Oct 2015



The European Chamber Tianjin Chapter hosted its first Education Roundtable after a couple of months' preparation, with 16 representatives from leading European companies, vocational colleges and Universities in Tianjin.



The meeting aimed to establish an open discussion for issues between industry and education. The core topics of the discussion focused mainly on internships, university reform and other relevant issues. The universities hope to cooperate with more enterprises so they will offer students more internship opportunities, while industry proposes that the universities reform their curricula to be more appropriate for the enterprises.

The European Chamber Tianjin Chapter will continue working on this issue to see how education can best meet the needs of industry.

Housing Sector Delegation from Turku, Finland visited Tianjin 11 Nov 2015 - 13 Nov 2015

A small group of CEOs in the public housing business sector from the city of Turku in Finland paid a three-day visit to Tianjin in the middle of November. The purpose of their visit was to get more acquainted with Chinese house production, the development perspective of housing-related needs, and how society/government offers solutions for their needs. In association with the European Chamber Tianjin Chapter, they had a very enlightened meeting with the Tianjin Foreign Affairs Office, where they had a deep discussion on recent student exchange programs, clean tech-related projects, and the Turku delegation's involvement at the 2016 Summer Davos. The vice mayor expressed his willingness to reinforce future cooperation. During their stay, the group visited the Tianjin Planning and Exhibition Hall, the Eco-city and other historical sites along the Tianjin Five Boulevards. They had interactive discussions on the development of the Eco-city, public housing systems and Tianjin's historical architecture restoration.



41F, The Executive Center, Tianjin World Financial Center, 2 Dagubei Lu, Heping District, Tianjin 300020.
Tel: +86 22 5830 7608 Email: tianjin@european-chamber.com.cn Website: www.european-chamber.com.cn

Mr. Michael Josef Stiller

Executive Chef
The Astor Hotel, a Luxury Collection Hotel, Tianjin

The Astor Hotel, a Luxury Collection Hotel, Tianjin is proud to announce the appointment of Mr. Michael Josef Stiller as Executive Chef. Mr. Stiller will be responsible for the entire kitchen operation of The Astor Hotel, Tianjin.

Mr. Stiller's career started at the famous Hotel Imperial in Vienna, Austria, a Luxury Collection Hotel. He later expanded to The Andaman, a Luxury Collection Resort, Langkawi. With over 30 years of hospitality experience, Chef Stiller has managed the kitchens at various renowned hotel groups including Starwood, InterContinental Hotels, Carlson and Marriott Hotels in America, Middle East, Europe and Asia. The Astor Hotel is proud to welcome Executive Chef Michael Stiller and wishes him all the success in his new assignment.



Ms. Nancy Dong

Assistant Director of Events
Pan Pacific Tianjin

Nancy Dong has been appointed as Assistant Director of Events at Pan Pacific Tianjin and responsible for catering, events, weddings and MICE group sales.

Nancy has been in the hospitality industry for over 11 years, with strong experience in reputable international hotel chains, such as Renaissance, Crowne Plaza and St. Regis. Prior to joining Pan Pacific Tianjin Hotel, she was Sales Manager at The St. Regis Tianjin Hotel.



Mr. Ken Wang

Assistant Director of Sales
Pan Pacific Tianjin

Ken Wang has been appointed as Assistant Director of Sales and will be in charge of corporate accounts of room sales.

Pan Pacific Tianjin welcomes Ken to be a key player of its management team. Before he joined, he worked at The Ritz Carlton, Tianjin as Assistant Director of Sales. Ken has been in the hospitality industry for over seven years. As a seasoned hotelier, he has a wealth of experience in the hospitality industry, especially for pre-openings. He has worked with many major global brands, including Renaissance, Westin and Ritz Carlton.



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

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 Centr
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

TIANJIN-BEIJING AIRPORT Shuttle Bus ¥83 one way

Tianjin - Beijing Airport Terminals 2/3
 04:00-18:00, runs every hour. Tian Huan Distance Bus Passenger Station
 The junction of Hongqi Lu and Anshan Xi Dao. Tel: +86 2305 0530

Beijing Airport Terminals 2/3 - Tianjin

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

TIANJIN SUBWAY

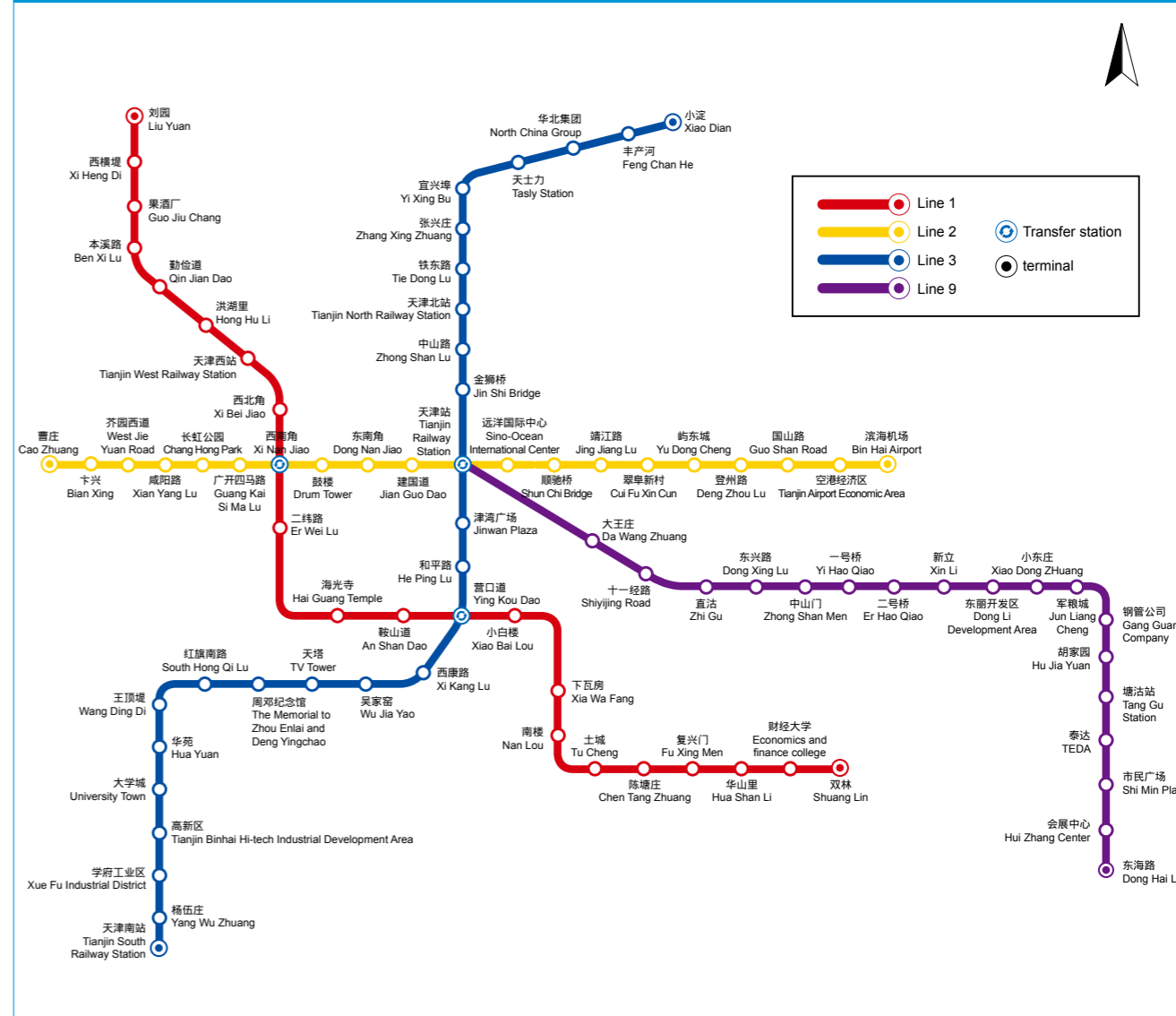


Table Manners, a British Comedy in Beijing

By Nelly De Navia

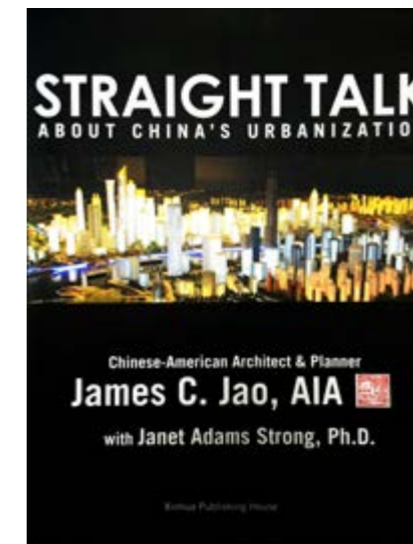


Theatre lovers in Beijing were treated for three nights to the hilarious British comedy, *Table Manners*, the first part of Alan Ayckbourn's *The Norman Conquests* Trilogy. Beijing Playhouse, the first English-language theatre company, staged this hilarious play that's full of lust, hysteria and exasperation; it made the audience explode in laughter. The story is about an extended family of two sisters and an older brother and their respective partners. Annie (Kylie Purcell) is the youngest of the three and still lives at home looking after their sick mother; a character that we never see. Her older brother Reg (Clark Boswell) and his wife Sarah (Stephanie Anderson) arrive to help take care of the mother while Annie takes a well-deserved rest. What they don't know is that she is planning a romantic escapade with Norman (Abdiel LeRoy), who is married to her sister Ruth (Katjia Sassi-Bucsit) who is always busy with work and has no time for her husband. Oh! And let's not forget Tom (Reinaldo Vazquez) Annie's supposed beau who is a vet and prefers dealing with animals than people. The story spins around Norman and his necessity to be needed. The play is full of characters that despise each other, judge each other but can't get enough of each other either. This hilarious show was exceptionally directed by David Peck, and it was very refreshing to see actors from different nationalities (German, British, Australia, New Zealand, Puerto Rico) all blending and working together to bring to life this great comedy. *Table Manners* makes us question how much we really know about others and how honest we are, even with ourselves!

Straight Talk: About China's Urbanisation

By James C. Jao & Janet Adams Strong

Urbanisation -- and its multitude of different social, economic and political consequences -- has been one of the biggest talking points in the narrative surrounding China's re-emergence as a global powerhouse. While we know that the historically-unprecedented migration of hundreds of millions of rural dwellers over the past three decades has crowded eastern China's coastal cities, there are still so many questions about how this huge urbanisation project will play out in the future.



Fortunately, for us, there is a ground-breaking mega book that sheds a great deal of light on all of this. Written by one of China's leading experts on urban development and the real estate sector, *Straight Talk: About China's Urbanisation* offers a wide range of new perspectives on what is a seminal and significant subject matter. By looking at China's urbanisation through a bicultural lens, James C. Jao is able to provide an analytically rigorous narrative that is presented in a candid and engaging format.

Some of the key themes of this book include population density to controlled growth, the loss of urban identity, preservation, conservation, pollution, and the need to foster new attitudes about sustainability. Not only are these salient topics within the broader historical discourse, they are also going to be prominent factors in shaping China's future as its leaders implement sweeping changes to its economic and social landscape in the coming years. Jao also explores the limits of urban planning in China's political and social systems, as well as in areas such as education and intellectual property rights.

It is both the breadth of subject areas and depth of analysis that give this publication the edge over anything else on the market. While experts in urban planning and architecture will certainly find it an compelling read, anyone who is interested in the broader Chinese society will certainly get more than they bargained for with this publication.

The Chinese Coffee Conundrum

By Andrew Smith



There is nothing quite like a nice, strong cup of coffee to give you a boost on those long, hard work days. If you were out on the town the night before, or you didn't manage to get much sleep amidst the all-too-frequent early morning firecracker fanfares, then the need for a brew or two increases several fold. Fortunately for us expats who live, work and play in the bigger cities, there are plenty of options when it comes to getting our daily fix of the black stuff.

Aside from the cafes that are springing up everywhere around Tianjin nowadays, there are of course dozens of household names dispersed across the city. There are loads of Costas and Caffé Benes dotted around, but it is especially impossible to miss that great American brand

that we all know and most of us love. In fact, within one square kilometre of the Nanjing Lu-Yingkou Dao intersection there are at least ten Starbucks.

Having such a plethora of options makes cities like Tianjin, Beijing and Shanghai a coffee craver's paradise. That is, until it comes to paying the bill. I dare say that there isn't an expatriate in town who hasn't, at some point, been struck by just how incredibly expensive a trip to the coffee shop is. It doesn't matter whether you are in a first-tier city or an upcoming third-tier town, the price of coffee seems to be outrageously high. It doesn't really matter which country you are comparing it to either. Not surprisingly, a nice cup of freshly-brewed coffee in most other Asian

countries is much cheaper than it is here but, then again, in the UK, Canada or America you would still expect to save at least a dollar on a Starbucks' grande latte -- the price in Beijing or Tianjin being almost five dollars a go.

There are several reasons why the seemingly over-inflated cost of coffee in China is baffling foreigners. First of all, there is the obvious fact, that unless you are importing a Ferrari or buying a condo in the capital city, China is an incredibly cheap place to live -- particularly when you factor in how much money most expatriates earn. With notable niche exceptions--like high-end European chocolates and cheeses -- mass market food and drink products are particularly inexpensive compared to the Western world.

Then there is the issue of earning power. Basic economic common sense tells us that in a country where the average salary is relatively low, the price of products that are consumed in such large quantities wouldn't be anywhere near as high as they are at the moment. And while the demand for coffee beans is surging in the Middle Kingdom, it isn't as though they are a scarce resource. China's major trading partners in South America are swimming in the stuff. Vietnam, just next door, is now the world's largest coffee exporter. They could literally fling tonnes of the stuff into China via gigantic catapults.

So what is the answer behind this puzzling price phenomenon? After hours of searching online, and asking service staff at a couple of the well-known coffee houses, the answer seems to lie somewhere between high operating costs on the part of the major foreign brands and the knowledge that they can get away with charging the burgeoning Chinese middle class a hefty premium for their trendy products. According to an article in The Atlantic by Matt Schiavenza: "The coffee beans Starbucks brew in its Beijing stores,



as well as other materials like cups and mugs, don't cost any more to import to China than in the United States. The problem is getting these materials from point A to point B. China has invested billions of dollars over the years to improve its port and transportation infrastructure, but the combination of taxes, fees, and middle-men add to logistics costs—which are then passed on to customers in the form of marked-up frappuccinos and lattes."

It doesn't matter whether you are in a first-tier city or an upcoming third-tier town, the price of coffee seems to be outrageously high

This may or may not be true for all of coffee shops in China, but it's the reason Starbucks are using. David Wolf, a public relations professional and expert in Chinese business, claims that the cost of "transporting

coffee beans from, say, Colombia to the port in Tianjin is about the same as transporting them from Colombia to the port in Los Angeles. It's getting them from the port in Tianjin to the stores in Beijing that's expensive".

In all fairness, there probably is some truth to the operational costings narrative. It's no secret that multinational companies have been feeling the pinch of higher operating costs in China over the past few years, with everything from energy prices to wages creeping higher. But surely there has to be more to it than higher costs for the companies?

Another possible, or dare I say, probable factor in all of this is the country's booming coffee culture. While China has always been a nation that is famous for tea drinking, in recent years coffee has started to give the Middle Kingdom's classic beverage of choice a good run for its money. Over the past decade there has been a rampant influx of big international players vying for a piece of the pie. These firms have benefitted from the popularity of coffee-centric

US television sitcoms such as Friends, as well as being Western and therefore chic in the eyes of many young, nouveau riche Chinese.

When you combine this with the enormous size of the customer base here in China, it is clear that even if the coffee shops threw a few extra kuai on all of their brews there would still be demand. Oddly enough, although there are now plenty of home-grown alternatives to the big international brands, very few of them seem interested in trying to be price competitive. In Ao Cheng and the surrounding area, there are many prime examples of this. In the last two or three years, many new Chinese-owned coffee shops have sprung up but, all-too-often, they end up charging the same, if not higher prices than the nearby Costa, Starbucks and Caffe Bene branches. Despite very few of them boasting either the same level of coffee quality or a comparable

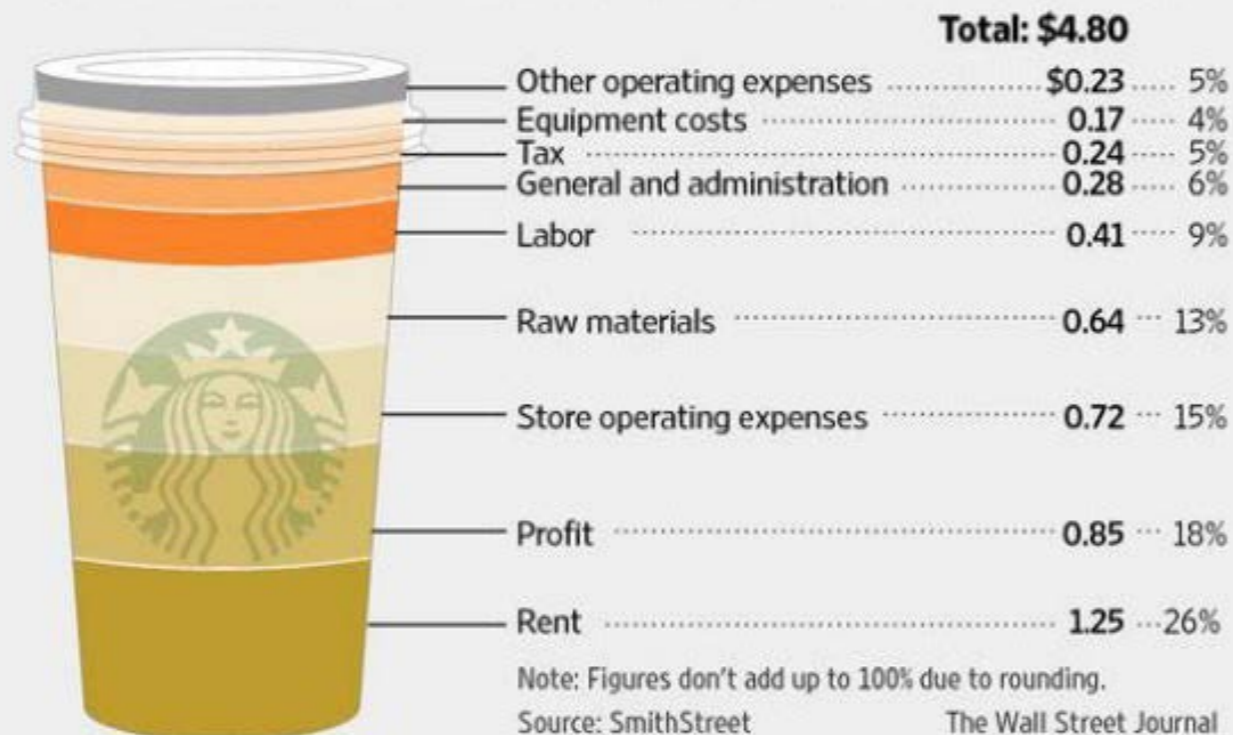
'vibe', the owners, it seems, simply can't resist charging premium prices.

The sad truth is that until more café owners wake up and 'smell the coffee', these ridiculously high latte prices are here to stay. **B**

Visit us online:
btianjin.cn/151211



Pricing Grounds | Starbucks grande latte in China



2015 Merry Christmas Festival Season is Coming!

CHRISTMAS & NEW YEAR SPECIALS



BLD

Christmas Eve & Christmas Day

24 & 25 December 2015

Christmas Eve Dinner Buffet, RMB 688/person, Christmas Day Dinner Buffet, RMB 398/person

Christmas Specials

26 November to 25 December 2015

Takeaway Turkey Package, RMB 1,188/set

New Year's Eve & New Year's Day

31 December 2015 & 1 January 2016

New Year's Eve & New Year's Day Dinner Buffet, RMB 398/person



New Dynasty

Christmas Eve & Christmas Day

24 & 25 December 2015

Christmas Set Menu (Lunch & Dinner), RMB 328/person

New Year's Eve & New Year's Day

31 December 2015 & 1 January 2016

New Year's Festive Menu (Lunch & Dinner), RMB 328/person



Fire House

Christmas Eve & Christmas Day

24 & 25 December 2015

Christmas Set Menu, RMB 588/person

New Year's Eve & New Year's Day

31 December 2015 & 1 January 2016

New Year's Set Menu, RMB 688/person



The Lounge

Festival Specials

1 December 2015 to 1 January 2016

Festival Cocktail Selection, RMB 58/glass

second glass enjoys 50% off!

All rates are inclusive of 15% service charge. For more information or reservations please contact 5822 3388.

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