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Authenticity Is Key

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General Manager at Hyatt Regency Tianjin East Hotel

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Business Tianjin

May 2016



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InterMediaChina
advertising@businesstianjin.com

PUBLISHING DATE
May 2016

Business Tianjin is FREE
For Members ONLY

ISSN 2076-3735

Dear Readers,

Once again, the Business Tianjin team has been working tirelessly to bring to you the latest in business and economic news with critical analysis of the latest trends across a range of industries.

In this month's Cover Story, we had the pleasure of interviewing Sidney Hardy, General Manager of the iconic Hyatt Regency Tianjin East. As a landmark hotel location in Tianjin, steeped in history not only in the context of the city's hospitality industry but also for the Hyatt brand in China, Mr Hardy's insights into the current trends and future direction of Tianjin's luxury hotel industry is not to be overlooked.

With Summer on the horizon, the ideal holiday getaway is sure to be a consideration at the end of the working day. Our Feature Story covers the emerging rise of low cost airlines in China. Despite the constant focus on the slowdown in GDP growth in China, what is it about this industry that is causing it to boom right now? Read on for more about the rise in demand and the growth of the budget airline industry.

Another core focus of this month's issue is making business law simple. In our monthly dialogue, we spoke to Jackie Zhang of Gaopeng & Partners about just how this can be achieved for foreign and companies alike seeking to carry out effective and successful business in the Middle Kingdom. Following on from last issue, our Law column further reiterates how to protect your interest when entering into commercial contracts with Chinese partners, providing readers with solid advice from the perspective of our expert columnists.

It doesn't end there. The following pages are filled with more, from the latest in retail business trends to brand building in China, analysis of the Tianjin office market to tips on how to craft a profitable enterprise. We invite readers to keep on turning the pages the best in business news.

As ever, for up-to-date business news in China and overseas, be sure to visit our website www.businesstianjin.com

Yours Sincerely,
Mary Smith

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◀ **Authenticity Is Key**
Dialogue with Sidney Hardy,
General Manager at Hyatt
Regency Tianjin East Hotel

Originating from small town roots in the UK, Sidney Hardy entered the hospitality industry in pursuit of his love of food. With 30 years experience under the belt, he has taken on various roles in London, Singapore and Seoul as well as in Chinese cities such as Shanghai and Shenzhen. Joining the Hyatt Hotels corporation 2002 as an Executive Chef and later moving to Tianjin as General Manager of the Jing Jin City Resort and Spa in 2013, Hardy has a unique perspective on how the hospitality industry in China has changed over the years. This month, we sought his insights on his career so far and what the value of authenticity means for the future of the hotels industry in Tianjin. [See Page 16](#)



◀ **Making Business Law Simple**
Talking with Jackie Zhang,
Partner Attorney at
Gaopeng & Partners Law Firm

Law is a broad, all encompassing term which affect everyone in their day to day lives. For businesses, law compliance must be a key consideration at all stages to run business smoothly and efficiently. With more than 13 years experience of practising law in China Jackie Zhang, one of the youngest Partners at the Tianjin branch of Gaopeng & Partners Law Firm shares her insights into how to communicate business law simply to aid foreign businesses operating in Tianjin. Zhang, also published writer with her own

book entitled 'Business in Chile: A guide book of Chilean investment law' also benefits from international law experiences. She shares with us her thoughts on the importance of cultural communication when it comes to business law. [See Page 22](#)



◀ **The Sino-Singapore Tianjin Eco-City Ecological Theme Park**

Following on from the huge South Bay Waterfront development program covered in the last edition, Sino-Singapore Tianjin Eco-City has made headlines yet again and is to receive a further boost with a major environmentally friendly theme park. The announcement of the 2.86billion RMB Yi Li Ecological Theme Park comes

as speculation was mounting over certain development sites in close vicinity to the South Bay Waterfront program. [See Page 52](#)

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Tianjin News

The St. Regis Tianjin Wins Five Top Awards



In the best season of the year, The St. Regis Tianjin hotel is delighted to announce that this landmark hotel has won five top awards from Booking.com, including Best Conference Hotel; the Golden Chair Award; the 2015 Hotel Award; the Best Cooperation Potential Award; while Martin L. Leclerc -- General Manager of The St. Regis Tianjin from 2015-2016 -- was recognised in the Top 10 Professional Managers of Hotels in China. What's more, The St. Regis Tianjin has also been recognised as The Best Business Hotel In North China in the 2016 TTG China Travel Awards.

The Ritz-Carlton, Tianjin ranked among 2016 Travelers' Choice Awards



The leading industry travel website TripAdvisor has named The Ritz-Carlton, Tianjin as one of the top 25 hotels in China in its 2016 Travelers' Choice Awards. The hotels were based on millions of reviews collected in a single year from TripAdvisor users worldwide. The awards, given out over the last 14 years, recognise more than 7,000 properties in 97 countries. The hotels are judged based on service, quality and value. With its outstanding services, The Ritz-Carlton, Tianjin is the only hotel in the city in the list.

Apple Pay, WeChat Pay, Ali Pay, let's play @ Shangri-La Hotel, Tianjin



Shangri-la Hotel, Tianjin will become the first hotel in the city to roll out three kinds of quick pay services including Apple Pay, WeChat Pay and Ali Pay! Secure, simple and even more useful. No need to provide a debit / credit card or cash at check-in, the hotel restaurants or at the spa any more. Guests will be delighted to finish check-in, check-out or settle other payments by simply bringing mobile devices. Put the mobile device near a POS machine with Apple Pay or scanning the QR code with WeChat Pay or Ali Pay at the front desk, restaurants or other venues in the hotel, payment will be settled with just a few clicks.

Tianjin e-hub planned for imported goods



A government-backed e-commerce association is planning to build a wholesale center for imported goods in Tianjin with potential collaboration from a subsidiary of media conglomerate Wire and Plastic Products Plc of London, according to an official with the group. "The China Cross-Border E-Commerce Import Alliance has signed a strategic agreement with the government of Jinghai district in Tianjin, where the wholesale center is located, to turn the district into a cross-border e-commerce hub", said Huang Tingfa, president of the alliance.

Blue Frog Bar & Grill open at Joy City in Tianjin



On Friday April 15th, blue frog bar & grill, one of the fastest growing Western casual dining restaurant chains in China, celebrated the opening of its newest location in Tianjin by hosting a blowout party. Over 200 revelers joined the party and followers responded to blue frog's live feeds on Weibo and WeChat throughout the evening. Like other blue frog branches, blue frog Tianjin Joy City continues the tradition of the "blue frog 100 Shots Wall of Fame." The first customer to drink 100 shots receives a blue frog party coupon worth 5000 rmb, a goody bag packed with blue frog's unique merchandise, as well as a free shot on every visit for life!

Tianjin FAW Toyota Motor to recall 127 vehicles



Tianjin FAW Toyota Motor will recall 127 vehicles in China to replace defective parts in their stereo amplifiers that could cause fires in extreme conditions, the country's top quality watch dog said on Monday. The recall, to begin on May 20, affects 127 of 4.3L Royal Saloon VIP sedans manufactured between December 1, 2009 and December 20, 2010, the General Administration of Quality Supervision, Inspection and Quarantine said in a statement on its website. Tianjin Faw Toyota promised to check all affected vehicles and replace defective parts free of charge, according to the statement.

FINANCE

JLL Named "Best Property Consultancy in China"



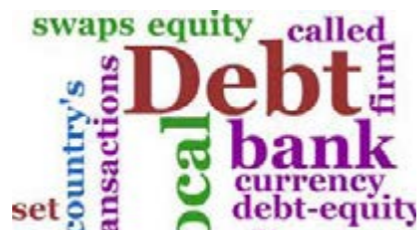
JLL scooped a total of 15 awards at the 2016 International Property Awards Asia-Pacific held in Kuala Lumpur on April 8th. Of these, six were five-star ratings for Best Property Consultancy in China, Hong Kong, India, Indonesia, Japan and South Korea. The firm was highly commended in nine other categories. "Receiving 15 awards in Asia-Pacific, including six in the five-star category, is a great achievement and testament to the great work our teams across the region do day-in, day-out," said Alastair Hughes, CEO, JLL Asia-Pacific. "It's a real pleasure to be recognised among the best in the industry for delivering top class service to our clients, something that is at the heart of everything we do as a company."

China's grain reforms to boost depressed corn processing industry



China's plan to let the market set corn prices is bad news for international grain exporters, but should boost the country's struggling corn processors that use the grain in products ranging from food additives to paper and textiles. New demand from corn processing companies, as well as the feed and ethanol industries, will be vital to help China start cutting the 250 million tonnes of corn reserves built up under stockpiling policies, or more than the country can consume in a year. In its biggest grain reforms in a decade, China said this week it will stop stockpiling corn and halt price support schemes, narrowing the gap between international and local prices.

China considers debt-equity-swaps for banks



China is considering a plan that would allow banks to swap bad debt for equity in the borrowing firm, according to reports, as the banking sector faces mounting bad loans and slowing growth in the world's second-largest economy. Under the proposed scheme, banks would write down debts of companies in return for equity stakes. An executive at China Development Bank said the government could allow swaps for as much as one trillion yuan (\$155 billion). The move could lead to the ownership of some struggling Chinese companies. Such debt-for-equity swaps frequently dilute existing shareholders on a huge scale, effectively handing over the company to its creditors.

China's CCB buys majority stake in LME ring dealer Metdist



China Construction Bank -- a subsidiary of China Construction Bank -- has finalised a deal to buy a majority stake in Britain's Metdist Trading Ltd, becoming the second Chinese company to gain access to the London Metal Exchange (LME) trading floor. The metals trader will be renamed CCBI Metdist Global Commodities (UK), the LME said in a separate statement. "Looking forward, CCBI will leverage its deep connection with the Chinese banking and business communities," the Chinese bank said. Metdist, founded by Metdist Chairman Lord Raj Bagri 45 years ago, is among the nine top-tier LME members with access to the exchange's open-outcry trading floor.

China remains largest market for luxury goods



Luxury market observers say that China, the world's largest market, looks likely to continue to make up for the weaker demand elsewhere. Today, Chinese shoppers account for nearly half of the global luxury market, providing an invaluable demand to brands in every segment. Data from Fortune Character Institute, a Shanghai-based luxury research consultancy, show China's luxury spending in 2015 totaled \$16.8 billion, up nine percent, year on year. Observers find that educated, well-traveled and tech-savvy younger generation shoppers are emerging as the new target market. "The Chinese customer is becoming a lot more global," said Andrew Keith, president of Lane Crawford, the high-end fashion retailer headquartered in Hong Kong.

China's big banks, Standard Chartered and ANZ to join Yuan gold benchmark



Top Chinese banks, alongside Standard Chartered and ANZ, will be among 18 members to join a new Yuan-denominated gold benchmark that signals China's biggest step towards becoming a price-setter for the metal. As the world's top producer, importer and consumer of gold, China has balked at having to depend on a dollar price in international transactions, and believes its market weight should entitle it to set the price of gold.

Law & Policy

China to further cut social security burden on individuals, enterprises



China will further reduce burdens on individuals and enterprises by cutting payments to social security funds. In a statement issued after a State Council meeting presided over by Premier Li Keqiang, it said the required contribution rates for pension insurance, unemployment insurance and housing provident funds will be lowered in a two-year period starting from May 1st. The new policy aims to relieve corporate burden and increase workers' cash incomes. Under the policy, enterprises that contribute more than 20 percent of the pension insurance payment can reduce the rate to 20 percent, while those in provinces that see sufficient funds can lower the rate to 19 percent.

China to tighten rules on baby formula



China will tighten its regulations on baby formula after a recent scandal. The Ministry of Finance said all infant formula sold in China, including those purchased through cross-border e-commerce, must be registered with the country's food and drug authorities. The new policy will take effect from 2018. The government is to publish a list of approved products.

TELECOMS

Huawei set to challenge Apple in high-end smartphone markets



Huawei is preparing to challenge Apple in the premium-end smartphone market as the Chinese telecom equipment maker unveiled a new flagship handset in the United Kingdom and a top executive spoke of plans to enter the United States. The Guangdong-based company debuted its latest device, the P9, a pamphlet with a dual-lens camera, in London in May. The world's third-largest handset maker is hoping the new device can expand its presence outside of China. Huawei has been introducing its flagship devices in Europe since 2014, a strong indication the Chinese company is shifting its focus from China to more developed markets.

Alibaba's YunOS becomes world's third-largest smartphone OS



Securing 40 million users in 2015, YunOS - backed by the Alibaba Group - has become the world's third-largest operating systems (OS) for smartphones, according to domestic tech website MyDrivers. "YunOS, accounting for 20-25 percent of the domestic market share, has surpassed the share of Apple Inc's iOS," said Wang Jian, chief technology officer of Alibaba, during the Alibaba Technology Forum held on April 15th. In his speech, entitled "The real innovation is competing with the past", he emphasized that Alibaba's competitor is from the past rather than companies like Google.

GENERAL

Activists want dog festival taken off the menu



After being rescued from a truck carrying dogs illegally in July, a three-year-old greyhound received a new name, new owner and new family. When the dog was found by volunteers from the Vshine Animal Protection Association in Dalian, Liaoning province, it had back injuries and was covered in blood. To prevent further cases, animal rights activists are calling for an end to an annual dog meat festival in South China that has been blamed for tarnishing the country's reputation overseas. The festival in Yulin, Guangxi Zhuang autonomous region, is held in June, but has met increased opposition in recent years amid concerns over canine cruelty and unhygienic food handling practices.

Uber eyes smaller Chinese cities to take on home-grown Didi



Undaunted by ride-hailing app Didi's dominance in the Chinese market, Uber sees potential to chip away at the company's virtual monopoly outside first-tier cities. Uber said on Thursday its ride-hailing service in Hefei, provincial capital of east China's Anhui Province, grew by more than 30 percent daily since launching in March, the fastest uptake rate the company has seen in about 400 cities around the world where it operates. Uber now accounts for more than 50 percent of ride-hailing services in the city.

CHINA IN THE WORLD

Overseas returnees still in demand, despite challenges



The economic transformation China is experiencing is providing great opportunities for Chinese students returning from overseas study, although the returnees face challenges when hunting for jobs back home, experts said. The nation's economy is evolving from one that rests on its population advantage to one that values talent. In the process, students who return from overseas study with international perspectives and an innovative spirit will have brighter employment prospects.

More inspection dogs expected to be deployed at entry-exit ports



More inspection dogs are expected to be deployed at entry-exit ports across China after two national centers for breeding and training will be built within the next five years, according to China's top inspection and quarantine authority. Faced with increasing pressure to ensure biosafety, entry-exit inspection and quarantine authorities will also increase their capacity to keep out hazardous elements such as diseases, viruses and invasive species. This includes improving the warning system and replacing X-ray machines used for handling mail and parcels with more precise CT scanners.

China has 20% of all college students in the world



In 1949, when the People's Republic of China was founded, only 117,000 students were attending colleges or universities. But the number soared to 37 million in 2015 - the world's largest student population. Now, one in every five college students is from China, according to the country's first quality report on higher education, which was recently released by the Ministry of Education. China's higher education system, one of the largest in the world, has evolved quickly and contributed greatly to the country's development during the past seven decades.

60

Wal-mart will open 60 new stores in China by the end of 2017 in order to increase its physical presence in the country and match a growing online and digital relationship with Chinese customers. Chairman of the Board of Directors, Greg Penner said: "China has amazing growth opportunities which, in the next five years, will surpass the US market in retail potential".



4.0

'Industry 4.0' has been announced as the theme of this year's annual meeting of the New Champions of the World Economic Forum, also known as Summer Davos, which will be taking place in Tianjin in June.



400,000

The Ministry of Education announced that the number of international students coming to China to study rose by 5.5 percent last year, equating to 400,000 students from overseas. The top destinations were the cities of Beijing and Shanghai, Jiangsu and Zhejiang provinces, and Tianjin municipality.



22.8

Average house prices in some of China's biggest cities saw a surge in the first quarter of 2016. Dongguan, a southern city in Guangdong Province, saw the biggest with a 22.8 per cent increase.



5.8

According to the National Bureau of Statistics, China's industrial production growth reached 5.8 percent in March, up from 5.4 percent in the January to February period.



10

China's overseas investment is expected to rise by more than 10 per cent in 2016 according to trend predictions by Ernst & Young. They say investments will continue to diversify and expand abroad into industries that target more value-added products including consumer goods, technology and services.



100

Swedish carmaker Volvo is set to send 100 driverless cars to China in a significant move to test self-driving technology on China's public roads.



6.7

China's GDP growth slowed to 6.7 percent in the first quarter of 2016

BUSINESS TIANJIN



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Monthly Economy Report

By Andrew Smith



Sometimes there is a rare moment in which calm emerges within a storm. That is one way we could describe the economic situation in China right now. On the one hand there is no denying that the country's overall GDP growth, while still very strong relative to almost all other major economies around the globe, is still slowing down at a steady pace. The latest official figures from the National Bureau of Statistics show that the economy grew by about 6.7 percent in the first quarter of 2016 against the same period last year. This signifies the slowest pace of GDP growth the country has experienced in seven years. Analysts are still sticking to the generally accepted line of reasoning that weak external demand, particularly from Europe and North America, and a dramatic reduction of easy money floating around internally over the last couple of years is continuing to provide a drag on the overall economy.

Going forward the consensus view in both the financial world and Chinese policy circles is that slower growth is inevitable. Last week the International Monetary Fund stepped up its warning of weakness in the global economy ahead of a gathering this week of the world's top economic policymakers in Washington. The organisation said it anticipates the global economy will expand by 3.2 percent this year, down 0.2 percentage points from its forecast just three months ago. The fund also candidly admitted that even that projection could easily prove too optimistic amid upheaval in emerging markets, slowdown in China and fraying political and economic ties in Europe. "The central scenario ... now looks less likely compared with possible less favourable outcomes," IMF chief economist Maurice Obstfeld said.

According to the IMF, China's economy will grow slightly faster

than previously anticipated this year, up to 6.5 percent from 6.3 percent. Obstfeld said that reflects the IMF's confidence that new stimulus efforts will help the nation reach its targets for growth. But he cautioned that longer-term forecasts are dimmer, as China continues to load up on debt and provide support to declining industries. "We worry about the quality of growth more than the quantity of growth," he said.

Although it may sound like gloomy news, if one compares the recent data to the double digit GDP growth of years gone by, the 6.7 percent figure actually came as somewhat of a relief for some people. As one unnamed trader pointed out in an interview with The Telegraph newspaper, "the figures for the first quarter are not exactly a cause for celebration but at the same time they could have been much worse. After all, the Chinese government's target range for growth

this year is 6.5-7 percent". Moreover, he said that "actually the recent data doesn't look too bad when compared to the 6.8 percent year on year GDP growth we saw at exactly the same time last year".

Many are seeing the recent figures as a sign that the Chinese government's strategy to address certain economic imbalances is working. Tony Nash, chief economist at consultancy Complete Intelligence, based in Singapore, said the NPC had "conveyed a sense of real progress that Chinese leadership understood much of the problems and was working toward necessary state sector reforms". Mr Nash said analysts "see a more stable environment starting in the middle of the third quarter as some of the reforms announced at the NPC start to take hold". Craig James, chief economist at Commsec in Sydney, Australia said there was "a collective sigh of relieve, not just here in Australia but around the world. All the results are above market expectations; it shows the rebalancing of the economy is proceeding to plan.

"If anything, the figures are surprisingly high, so one wonders about the sustainability of the growth rate for future months. Hopefully we'll see other economies around the world focus on lifting their own growth rates," he added.

There are certainly pockets of growth at the moment that are providing some hope for China's longer-term economic prospects. Investment in industrial assets and infrastructure registered a surprise jump by 10.7 percent in the three months to March, when compared to the same period last year. Consumers also appear to be spending, with retail sales showing a robust 10.5 percent jump for March. The BBC's Beijing correspondent Stephen McDonnell explains that "Asia's economic giant is attempting to make up for a loss in traditional production and exports by shifting

to a model much more dominated by services and domestic consumption. It is in the process of sacking millions of workers and looking for somewhere else to place them".

Premier Li Keqiang told the annual meeting of parliament last month that China "will face more and tougher problems and challenges in its development this year, so we must be fully prepared to fight a difficult battle".

What that means of course is that structural reform is going to be the key factor in determining China's future. At the moment it seems like the plan to get consumer spending up is working but going forward a lot of things will depend on how successfully the government can guide the economy towards a more sustainable and balanced model. In this regard the Chinese leadership has admitted that there are challenges ahead. Premier Li Keqiang told the annual meeting of parliament that China "will face more and tougher

problems and challenges in its development this year, so we must be fully prepared to fight a difficult battle".

Preparing the country for this so called "difficult battle" requires, amongst other things, a few bold policy measures. First of all the government needs to push ahead with its reform agenda which is aimed at bringing about a more balanced economy. Perhaps even more importantly in the long run though both the public and private sector have to undergo some strategic de-leveraging and move away from their reliance on credit that has caused property and stock market bubbles in recent years. In addition to those measures analysts are saying that there needs to be a very well managed reorganisation of certain state-owned assets in which glaring inefficiencies have emerged in recent years, largely due to a change of market conditions. If policymakers get these things right, and the areas in which we are currently seeing some strong growth continues to flourish, then there will be fewer reasons for people to panic about GDP growth figures like they have up to now. **E**

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The Great Chinese Budget Airline Boom

By Michael Dow



One of the most pronounced trends in the Chinese and Asian travel industry as a whole has been the increasing growth of low-cost airlines. Ever since pioneering American business leader Herb Kelleher demonstrated through Southwest Airlines in the 1970s that this was a lucrative model there have been thousands of companies around the world trying to jump on the budget airline bandwagon. In North America there was a surge in both demand and competition the latter part of the twentieth century. In the 1990s a similar trend swept across the European travel industry, with firms EasyJet, Ryanair and Monarch

becoming household names to the same extent as the traditional pricier carriers.

So far this century, both demand and supply within the budget airline industry in Asia have been going through the roof. The continent now already has more cheap carriers than any other part of the globe. Air Asia, Jetstar, Tiger Air, Scoot, Cebu Pacific Air and Peach Airlines are just a few of the big names that are leading the way. To say that business is booming is a gross understatement. The continent's enormous and rapidly expanding middle classes are becoming richer by the day and ever

more eager to seize the opportunity to explore beyond their national borders.

The biggest drivers of demand are of course the burgeoning Chinese consumers. Edward Luff of the Market Mogul reports that "it is now one of the fastest growing air markets, with an overall annual passenger volume of 392 million and the annual growth rate is forecast to rise to 10 percent, according to official data from aircraft manufacturer Airbus. Since late 2013, the Civil Aviation Administration of China has encouraged low-cost airlines to develop and expand their routes. Budget carriers account today

for seven percent of China's domestic air travel market, and analysts predict it to double by 2020."

In order to meet this rising demand, low-cost carriers have been adding new routes to their current network and updating their fleet. Spring Air, China's largest budget carrier, recently signed a USD 6.3 billion deal to buy sixty A320 neo jets from Airbus and thus improve fleet fuel efficiency. Furthermore, this sector's growth potential has led some state airlines to convert to low-cost carriers. In 2015 alone, China Eastern Airlines converted its China United unit into a budget carrier, and Juneyao Airlines set up a low-cost subsidiary in Guangzhou. West Air switched in 2013, and Lucky Air, another carrier part of HNA Group, is in that transition process. China Southern Airlines is also considering setting up a budget subsidiary, according to Reuters.

The simple fact, from a business perspective, is that budget airlines are increasingly the way to go in this market place. Despite a slowdown – or rather a slower rate of GDP growth – in the Chinese economy and the plummeting of certain asset prices, consumer demand for everything

from holidays abroad to designer fashion items is still growing at an incredible pace. It isn't just the new rich that are fuelling this consumer boom either, it is the middle class and, to some extent, a segment of what Westerners would call the 'working class' or the average income Chinese citizens. Their new-found spare cash is finding its way into the travel industry like never before, especially thanks to the emergence of ultra-cheap tour group companies that are whisking Chinese travellers away to other parts of Asia for a fraction of the price that it would otherwise have cost them if they were to book the trip themselves.

China Southern Airlines, China Eastern Airlines and Air China on average provide one third the returns of Spring Airlines and Juneyao Airlines

Budget airlines are an increasingly essential component in meeting the demand of the not-so-well off members of Chinese society. Right

now they are going from strength to strength. There is plenty of investment available, particularly given that many of the airlines in this space are state-owned assets. Asia's network of aviation hubs is growing at an incredible pace, which is in turn creating new routes and new opportunities that were previously off-limits because they were either too costly or too inconvenient to justify the capital expenditure. Other factors, most notably the relatively low labour costs and the current oil prices, are also helping China's low-cost carriers to strengthen their balance sheet.

Going forward there is every reason to believe that regardless of the economic circumstances this industry as a whole will continue to grow rapidly. The figures for the Chinese aviation industry alone are astounding. 2015 was another record breaking year for profits. According to the Civil Aviation Administration of China, the industry turned over about 55 billion CNY in the last financial year. The data indicated a staggering year-on-year growth rate of 76 percent. The improving levels of efficiency amongst budget carriers have been so profound in recent years that these companies look set to continue outperforming the big state-owned firms. Bloomberg recently reported that "with combined fleets exceeding 1,000 planes, USD 31 billion in market value and up to twenty times more workers, state-controlled China Southern Airlines, China Eastern Airlines and Air China on average provide one-third the returns of Spring Airlines and Juneyao Airlines according to data compiled by the authorities". Furthermore, the news agency pointed out that "even the Chinese regulating bodies have lauded Spring Airlines as a resounding model of corporate efficiency".

This kind of information certainly has escaped the attention of the





investment community. Since Juneyao Airlines was listed last year the stock price has been driven up more than fourfold, while Air China's shares plummeted by nearly 50 percent over the same period. In the coming months and years it will also be interesting to see how investors choose to play this sector. On the one hand they may opt for the perceived safety that comes with the track records, state backing and economies of scale of the big established airlines. Then again, though, it is looking increasingly likely that they will see the intrinsic value of the new players who are looking to get in on the booming budget travel market.

Over the course of this year, the overall amount of profit being made by both budget airlines and traditional carriers is set to surpass last year by quite some distance. The extent to which this happens will be determined in part by how successful

the new international routes are. This includes, for example, the new direct links that Hainan Airlines are opening up to from Tianjin to New York, London and Vancouver as of this summer; a very exciting set of prospects indeed for people based in this city. Many industry experts are now saying that a number of low-cost carriers, which were previously domestic only, are currently looking at cashing in on the demand for international travel, particularly to well-established destinations like Thailand, Malaysia, Singapore and South Korea. Hu Tingbao, deputy manager of Spring Airlines' marketing department, says that "facing the competition of high-speed trains and expressways, the expansion of low-cost airlines both domestically and internationally is an unavoidable trend... ticket prices 20 to 30 percent lower than regular flights to all destinations will give us a big advantage in the marketplace".

The market is so hot that companies which have not traditionally gotten involved in aviation directly are looking to get in on the action. Zhu Wenqian of The China Daily newspaper recently reported that "Qunar Caymen Islands, China's second largest online travel agency, is setting up a Shenzhen-based low-cost airline in partnership with two other companies from the city, in an apparent response to recent bans on its sale of flights for some major airlines". The move may have come as a surprise to some but it certainly isn't too shocking that such a company would want to leverage its solid presence in the wider travel market in this way. **B**

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Authenticity Is Key

Dialogue with Sidney Hardy General Manager at Hyatt Regency Tianjin East Hotel

By Annie Ly

Originating from small town roots in the UK, Sidney Hardy entered the hospitality industry in pursuit of his love of food. With 30 years experience under the belt, he has taken on various roles in London, Singapore and Seoul as well as in Chinese cities such as Shanghai and Shenzhen. Joining the Hyatt Hotels corporation 2002 as an Executive Chef and later moving to Tianjin as General Manager of the Hyatt Regency Jing Jin City Resort and Spa in 2013, Hardy has a unique perspective on how the hospitality industry in China has changed over the years. This month, we sought his insights on his career so far and what the value of authenticity means for the future of the hotels industry in Tianjin.

The first ever Hyatt hotel in Mainland China was established in Tianjin back in 1986. How does it feel to be running Hyatt Regency Tianjin East as a landmark hotel establishment steeped in history?

It's a wonderful feeling! Working for the Hyatt for so long, I came across colleagues who always talked about Tianjin and what it was like in the eighties when it was first established. Obviously, it's very different now but there is a real sense of legacy, not only in the city, but in broader China. Overall, I feel very lucky to get the opportunity to come and work in Tianjin.

Prior to your current role, you worked as General Manager for the Hyatt Regency Jing Jin City Resort and Spa. What are your thoughts on the current development of the luxury, high end hospitality industry in Tianjin?

In Tianjin, the guests are spoilt for choice as there are so many wonderful hotels and facilities. The facilities in this city are world class. This also means that our competition is very strong so we insist that we deliver services and products that

are actually world class in order to compete. If you look at the quality to price ratio in Tianjin, it's very good for the guests – so they should seize these opportunities whilst they can.

Tell us more about your typical clients and customer base. Who do you seek to attract to the hotel?

To survive in cities like this, we must seek to attract each market segment. From a food and beverage perspective, what we offer at our restaurants is targeted at the local population. We are very authentic in what we do. Our price points are very reasonable. Our direction is that we set our price points at a competitive level but we over-deliver on service and quality. Our culinary concepts are also very authentic. For example, a Tianjin dish is an authentic Tianjin dish. We invest in chefs in order to be able to deliver on that.

In a market like this, you must be multifaceted to survive

In terms of business customers, Tianjin is of course a manufacturing hub so many of our guests work in various manufacturing industries around the outskirts of Tianjin. As a result, we not only service guests from Mainland China but also from different regions in Asia. From a transport perspective, our location is very convenient to get down to these areas because of our proximity to the highway.

There is an abundance of banks in Tianjin so many of our regular clients come from finance sectors but we also service a range from manufacturing and pharmaceuticals to insurance. In a market like this, you must be multifaceted to survive.

What does the Hyatt Regency Tianjin East offer specifically for its customers?

For our guests, we do not offer anything that we don't think we can do. We really concentrate on authenticity. Authenticity is the key to success, especially from the product perspective.



We are very proud of the hotel. The design is very modern and the finishing of the products is to a very high standard. Many of the people who come here are very impressed with the hardware, design and layout. It's very different to anything else in the city. Also, our restaurant 'Wok in the Garden' is very unique. You will not find anything else like it in Tianjin.

We're also very proud of the fact that last year, we were number one for customer satisfaction in the Asia Pacific region survey. In Tianjin, the people are very warm and friendly. One of our key points is that "we care for people so they can be their best". We want our associates to feel comfortable with their work and excited about what they do. We select the people that are authentic in the

hospitality they serve. We unleash their potential and let their character show.

It's a very iconic period for Hyatt right now

The care aspect from our associates to our customers is very high. We always get very good comments on this. We really focus on making sure our associates have the tools to enable them to carry out their jobs, so we spend a lot of time on training to make sure they are comfortable delivering top quality service. We like to foster this type of skill and mentality so that they are always anticipating what the customer needs.

Is attracting top line talent difficult in Tianjin?

For the hospitality industry in general, it's always a challenge because there is a limited pool of available talent. But in Tianjin, we have been a bit luckier because the local people are very homely and don't tend to move so often. With that comes long-term experience because people stay in the hospitality industry longer so this is a real advantage for the Tianjin hospitality industry.

We have a reputation of caring for our associates. We look at them as partners. We want them to be challenged and professional, but also happy in their own development so they feel value in the business model. We want them to take the hotel to their heart.

Coming from a food and beverage management background, what were some of the challenges you faced when you first began managing a hotel and how did you overcome them?

Under the Hyatt brand, in each position you are always given a lot of responsibility as there is a real focus on developing people. We're always looking at how we can get individuals to extend their area of responsibility, analysing the strengths one has to the benefit of the hotel and operations. When I stepped into the role of General Manager, it was because I knew I wanted to challenge myself so I kept my mind open to learning new skills which allowed me to transition to this position much easier.

In a food and beverage role, you must be very practical. You are always working with people so learning how to interact with people from all walks of life happens on a constant basis. In places like China, you must always be aware of what is going on and be very hands on. You cannot manage by remote control. If you want to be successful, you must be with the team and get involved. All of these things allowed me to transition into the role well.

How do you manage and motivate your associates to deliver their best?

We do Hyatt feedback sessions on a weekly basis with each department. Senior Managers along with two or three members of associates from different levels get together and we discuss ideas about what else we can do, talk about what has been successful in the past and what else can be improved.

We also have a Hyatt Talk on a monthly basis. Hyatt associates are chosen at random and are given the opportunity to talk about any ideas they have for our guests or owning company. It's a two way process.

Feedback is important and is an important motivating tool.

The main motivator is that for our associates, we offer a future. It isn't a case of you're stuck in your role. If you're motivated to challenge yourself and learn new things, there's plenty of opportunity – especially at this time in China because hospitality industry development is so huge.

What have been the main changes in the hospitality industry through your career?

In the hospitality industry, it is important to bring a drive to change things and push boundaries so things don't just remain in the same stale way. This also comes with competition. Having worked in Tianjin for nearly two years, the changes I have seen in this space of time have been amazing. Promotions





and the way people have been marketing their hotels have really changed in the last year.

For us at the Hyatt, we think it is very important to engage with the local community in a way that suits their lifestyle. Now, everything is accessible from your smart phone. The first thing people do in the morning is look on Dianping, Wechat or Weibo so it is important to interact with them in a way that is fast and easy to understand. This is definitely part of our direction going forward.

What makes the Hyatt Regency Tianjin East stand out from other high end hotels in the city?

We are always looking at different ways to engage and bring exciting new products and events to our customers. Recently we ran a very successful event called Pastry Art. We worked with famous local artists in conjunction with our pastry chefs and set up an art table made entirely from pastry. For Chinese New Year, we did a Show Bar event with bartenders creating an exciting atmosphere, showing off their skills with bomb shots. We always like to do things in a way that is new and different in the market.

We also like to produce themes and concepts for the whole hotel and injecting them into different elements of our products. For example, in March we went with the theme of 'ladies'. This included a celebration of ladies throughout the hotel which could be seen in parts of our spa and room packages, the running of yoga sessions, as well as special menus and other activities.

We must live to our brand, deliver what we promise and be true to our brand identity

There's plenty of opportunity – especially at this time in China because hospitality industry development is so huge

In coming up with ideas for these themes, we look to the current market and identify what has and hasn't been done before and run brainstorming sessions. We like look at how things can be done in a 'Tianjin way'.

What types of things can we look forward to from the Hyatt Regency Tianjin East?

May will mark our two year anniversary here in Tianjin, as well as 30 years of the Hyatt brand. We will be inviting some of our associates who first worked for Hyatt 30 years

ago and have now retired. We'll also be looking at Tianjin 'Before, Now and in the Future'. It's a very iconic period for Hyatt right now.

What is the future for the hospitality industry in China and Tianjin?

Hotels are opening everywhere but brands coming to market will become very important. A key thing is that we must live to our brand, deliver what we promise and be true to our brand identity. Customers are becoming smarter and more well travelled. They can pick up their phones and see what a good brand is supposed to be in somewhere like Los Angeles or New York straight away. When people travel, apps like Dianping will instantly notify you of restaurants in the area and people can see reviews and comments. If people want to seek information, they can find it instantly so brands need to step up to the plate and ensure what they are delivering is up to an international standing.

Going forward, our industry is still maturing. Although the economy is going through a bumpy ride, I believe the long-term future for the industry is very positive in China. China is exciting. In the nine years I have worked here, there have been so many exciting changes. It is a pleasure to work here because the people are so positive. Their automatic default position is 'How can we make this work?' or 'How can we bring this forward?', which is a breath of fresh air every day. As a result, I'm a big believer that the future of the hospitality industry is here in China. **B**

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Making Business Law Simple

Talking with Jackie Zhang
Partner Attorney at Gaopeng & Partners Law Firm

By Annie Ly

Law is a broad, all-encompassing term which affects everyone in their day-to-day lives. For businesses, law compliance must be a key consideration at all stages to run their business smoothly and efficiently. With more than 13 years experience of practising law in China, Jackie Zhang -- one of the youngest partners at the Tianjin branch of Gaopeng & Partners Law Firm -- shares her insights into how to communicate business law simply to aid foreign businesses operating in Tianjin. Zhang, also a published writer with her own book entitled 'Business in Chile: A guide book of Chilean investment law' also benefits from international law experiences. She shares with us her thoughts on the importance of cultural communication when it comes to business law.



Can you tell us a little more about your background and how you first got into law?

I first graduated in Chinese law at the China University of Political Science and Law, and practised law for two years after becoming qualified. Then, in 2001, I spent some time studying International Commercial Law at the University of Nottingham in the UK, where I also focused on intellectual property law, international contracts and business law. When I completed my study, I came back to China in 2003 to work for a big law firm in Beijing. Later I returned to Tianjin and Gaopeng as a partner in 2009.

Please give a brief introduction to your company, Gaopeng & Partners. What does the company do and what areas of legal expertise does the company mainly focus on?

Gaopeng & Partners is a business law firm which focuses on providing legal services for business entities of all sizes -- from large scale corporations to SMEs. We provide legal expertise to businesses and offer the best advice no matter what stage the business is at. From the setting up of the business in Tianjin, to the

dissolution, our partners can provide a range of legal advice to cater to business customer needs.

Gaopeng & Partners has branches all over China. We are headquartered in Beijing but have eight offices in total including Shanghai, Yangzhou, Taizhou, Nanjing, Hangzhou, Huangshan and Huhehaote. In the Tianjin office, we are comprised of 20 lawyers and four partners, of which I am the youngest. Due to the nature of Tianjin's position, we specialise in maritime law, but also have special expertise in banking law. Furthermore, one of our partners specialises in providing business legal advice to Japanese businesses, and aiding foreign company investment in China. So, you could say, our legal expertise is very wide ranging.

Law covers a broad range of industries and sectors. What made you so interested in working in business law in particular?

Whilst criminal or administrative law can be interesting, I have always found business law the most fulfilling for a number of reasons. As a business lawyer, you can help a business entity or a young businessman and aid a business from its early stages to grow and become successful. In each step, you can see how your own hard work has benefited the business.

Another reason is that because I have studied in the UK, I can speak

A business lawyer's role is to marry both culture and the law to help the client to understand, observe and make sure their operations run as they expect.



English fluently. Recently, I have also been studying Spanish and I can take advantage of these language skills to help service more foreign companies in China. I find providing legal expertise to foreign businesses in particular very interesting as I enjoy facilitating cultural exchange through law. Law is not a simple aspect. A business lawyer's role is to marry both culture and the law to help the client to understand, observe and make sure their operations run as they expect. It is a challenging job but also very rewarding.

For foreign companies, doing business in China or Tianjin in particular has become more attractive in recent times with the introduction of initiatives such as Jing-Jin-Ji and the Tianjin Free Trade Zone. How do you think this will affect the relationship between the business investment and the Tianjin law sector?

For initiatives such as Jing-Jin-Ji and the FTZ, I think that Tianjin should and will play a key role, especially in the manufacturing industries.

That is the mission of Tianjin. As lawyers, I think we should work in collaboration with the government to provide much better legal services to the manufacturing industries in particular. Together we can work hard to create new policies and incentives to attract foreign businesses. Currently, we are already in contact with other lawyers in the 'Jing' and 'Ji' areas and are writing some articles with suggestions for the government to improve legal services for foreigners.

Doing business in China can appear risky and daunting for foreign firms due to a lack of understanding of business regulatory law. What is the key to communicating the Chinese law landscape in a clear and understandable way so businesses can carry out their operations in an efficient manner?

Maintaining strong, long lasting relationships with lawyers in many countries is key. Gaopeng & Partners have many counter partners in other countries such as the UK and US and we often try to take time to meet with them to help learn about their culture. Learning about and exchanging knowledge of other cultures in law is beneficial to our foreign business clients so that we can help smooth the process of communicating the differences between the law backgrounds and provide the specific advice they require to carry out business effectively.

At the operational stage, we might focus more on facilitating discussions, writing legal letters or providing step-by-step guidelines to highlight Chinese law that we think is important for the client to consider, and get them to think thoroughly about how the relevant management personnel will deal with it. To keep the information flow constant and transparent before a foreign business entity considers it

a risk is an important challenge a business lawyer must overcome.

Do you have any examples to share?

In one case, a foreign business residing in the UK had just set up an office in China and they did not understand why they had to follow so many procedures for something that wasn't a company but just a representative office. They would refer to me for legal advice and opinions and ask the question of why it was so complicated in China. It was important for me to communicate the laws from my understanding and get them to accept the working culture in China.

It's a matter of explanation and your role as an experienced lawyer to make your clients know the essential knowledge whilst remaining calm, at ease and comfortable with the relevant authority.

It's a matter of explanation and your role as an experienced lawyer to make your clients aware of the essential knowledge whilst remaining calm, at ease and comfortable with the relevant authority. For me, this isn't a difficult task and perhaps that is because I have a strong understanding of cultural communication. I like to foster transparent relationships so I can understand the needs and concerns of my clients. Another thing is overcoming the language barrier with foreign clients. Ensuring you can accurately communicate what they need to know is key.

Can you summarise why customers should consider Gaopeng & Partners over any other local law firm offering similar services or a well known globally established law firm?

We have overseas resources and strong relationships with foreign lawyers. We believe in their abilities to provide expert legal advice for foreign businesses, whatever the need is. For clients needing a more local presence, we also have strong links within Tianjin and therefore we can communicate very well with the relevant authorities to provide a direct link. We also have a good understanding of business in China and Tianjin, so we can provide precise advice to avoid risk for businesses looking to establish themselves here.

Is there a sense of competition amongst other local firms with similar service offerings?

On one hand, our clients are very loyal to us because of the good work we do and the long-term relationships we maintain, therefore other firms are not a consideration. However, I also see the excellent work of others in Tianjin and beyond, in cities like Beijing. The typically ambitious nature of lawyers also means there is always a sense of competition. But there is also evidence of cooperation where it is needed.

What is the key to delivering outstanding service to your customers?

Guaranteeing the quality of the legal service to the client is the most important thing. For the legal aspects, we have plenty of resources and use top quality information services to carry out our legal research. It means that we can acquire very up-to-date information regarding the law. We also maintain very good relationships

with the courts and arbitration centres here in Tianjin so as to make the legal processes run smoothly. Finally, we also write articles to provide advice and information about law. China is not renowned for changes in law or the drafting of new law, so when it does happen, it is essential that we provide up-to-date news for our clients. In some cases, we also provide legal training for our clients.

We also take an active approach to keep in tune with news relating to our clients by attending commercial events. We maintain good relationships with the chambers' of commerce from many different countries as another way to actively obtain new information about the business environment to provide to our clients, or potential clients.

One of your areas of expertise is corporate compliance for businesses. Why do you think it is important for businesses to pay close attention to this practice of law?

From my experience of visiting other countries and maintaining relationships with lawyers all over the world, I have come to see that the world is very complicated but corporate compliance, according to the law, is critical to any business. This is something that is not complicated to understand but some businesses may need more guidance than others. This is where we can help.

Guaranteeing the quality of the legal service to the client is the most important thing.



What other hot topics are emerging in the Chinese law industry right now and in what ways can Gaopeng & Partners utilise its expertise to help deal with upcoming challenging issues?

Anti-corruption laws are of particular interest to business entities right now, both foreign and domestic. In the US, the Foreign Corrupt Practices Act (FCPA) is one of the main areas which we are focused on. In the US, they are delivering daily training for high management personnel

to help deal with such legal issues. Last October, I was training in Philadelphia in order to gain a better understanding of the legal landscape, so clients can seek our advice on such hot topics. **B**

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Paying Attention to the Small Cap Space

By Michael Dow



Categorising stocks by the size of the company's market capitalisation – a fancy term which simply describes the value of a firm's outstanding share – has become very popular. Nowadays people talk about investing in small caps, medium caps, large caps and even giant caps but, in the end, does it really matter? Of course, in a general sense, the size of a company's market cap or the amount of assets on its balance sheet, and so on, are no match for the quality of its products or services and its prospects for future growth.

However, there are some trends that we have to consider when it comes to evaluating the merits of investing in larger or smaller market cap companies. The most important thing to bear in mind is that the adjective placed before the 'cap' shapes people's perceptions of how risky an asset is. When one thinks of a large or giant

cap company there is a tendency to conjure up images of the world's biggest players in a given sector. This includes Apple INC, Microsoft, Exxon Mobil Corp, Johnson & Johnson, Coca Cola and all of those household names that enjoy a fairly dominant and consistently profitable existence. Investors associate these big boys of the corporate world with stability and safety as they have the economies of scale, the global presence, the brand recognition and the track record of success that continues to entice people to buy their stock through the good times and bad.

The so called "small caps" on the other hand – generally defined as firms whose market capitalisation is somewhere between USD 300 million and USD 2 billion – don't tend to have such a favourable reputation. Because many of them are still relatively unknown to the average

person on the street and because their balance sheet is nowhere near as huge as those of some of the aforementioned companies -- they are usually associated with higher levels of risk. It certainly doesn't help their cause when so many financial experts publish books about how people can get rich quick by gambling with penny stocks and start-ups.

With this in mind it is easy to see why so many investors miss out on great opportunities because they simply don't pay enough attention, if any, to the small cap space. The fact that small caps are so overlooked is in itself a great reason to start browsing in this area. There are literally thousands of incredibly young companies out there that are just waiting to be discovered. As more investors stumble upon these hidden gems over time it will push up the share price and provide the companies with much

needed working capital which could potentially be used to fuel even faster growth.

Looking at it from a boring old mathematical perspective, small caps often look to be much better long-term prospects for investors who are seeking capital appreciation. That is because small companies grow from a smaller arithmetic base. It is easier to double sales of a USD 10 million company than sales of a USD 10 billion company. Small companies are often in growing industries and find it easier to change their strategy in response to market conditions. These firms are also often run by their founders or a small group of managers who are more motivated to increase shareholder value. These incentives are what really give people who get in early the bang for their buck in the longer term.

It might be a great idea to ride Warren Buffett's Berkshire Hathaway gravy train but one individual share will cost over USD 190,000 at today's price. Small caps are attractive to individual investors because they are comparatively cheap to get involved in. If you are only able to invest a few hundred or perhaps a couple of thousand dollars per year towards building your financial fortress then it is easy to accumulate a sizable amount of shares in a company while it is still young than cash out later when the valuation has increased substantially.

One of the cases often put forward to deter people from investing in small caps is the possibility that there may not be enough people willing to buy stocks and therefore it reduces one's ability to cash out when the time is right. While the lack of liquidity in small caps is a valid cause for concern that should be taken into account, it also greatly increases the chance of market inefficiencies working in our favour. Because few, if any, brokerage firms cover small companies, there is a greater possibility of market

inefficiencies. Because most small companies have relatively few shares freely trading, a liquidity problem exists. This liquidity problem prevents many large institutions from investing in these companies. This reduces the number of buyers for the stock and can cause the stock price to be unjustifiably low. Conversely, when a large buyer tries to buy an illiquid stock, the price can go up dramatically. This inefficient environment works to our advantage: we are able to accumulate the undervalued shares and hold on to them for the long term. A small company that grows and performs well will ultimately draw more attention, increasing trading volume and driving up valuation.

A small company that grows and performs well will ultimately draw more attention, increasing trading volume and driving up valuation

It is worth pointing out as well that small and medium cap companies are more often the targets of lucrative acquisitions. If a firm is doing well in a particular industrial sector but one

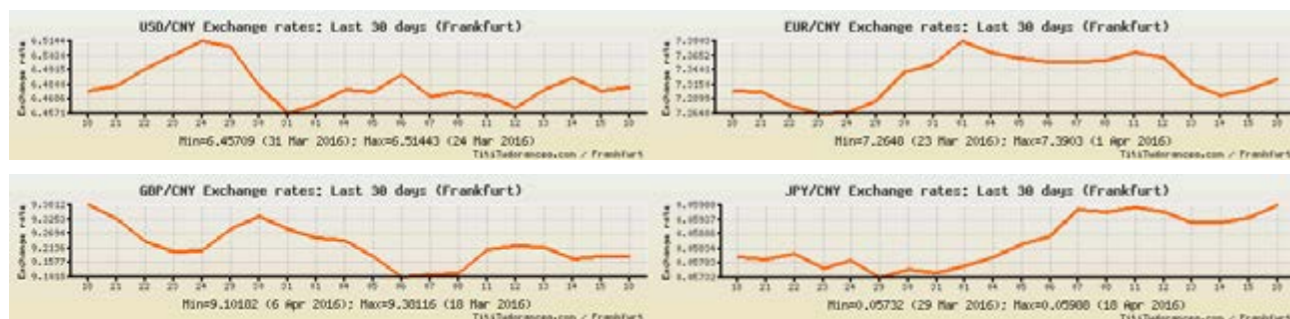
of the bigger players realises that it will be a very beneficial addition to their corporate portfolio then they may well try to snap it up. If the small cap is still performing well at the time when a bigger firm buys them out then one can expect to receive a good return on their investment when the transaction is complete. Ideally it will be such a gem of a company that several big players are taking an interest. That way the bidding war that inevitably ensues will drive the value of the small cap's shares through the roof.

Right now it is a good time to start looking into and buying up small cap equities. In terms of pure GDP the global economy isn't really improving all that much but it is important to bear in mind that new industries, new opportunities and new markets are emerging at a faster pace than ever before. Not only do individual investors have more access to information about the rising stars of the small cap space, they also have better access than ever before to global equity markets. In sum, there are more golden opportunities in this area than ever before and now is the time to start hunting for bargains. **E**

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Stocks and Shares



Dell plans to double its money on company it bought for \$612 million



Dell plans to spin off SecureWorks - the security firm it bought for \$612 million in 2011 - in an IPO that would give the business a market cap of \$1.4 billion, according to new regulatory filings submitted to the SEC. The documents said that SecureWorks would sell in the range of \$15.50 to \$17.50 a share, so it would be worth roughly \$1.4 billion once it goes public. The filings said

that the company expects to raise between \$134.3 million and \$154.9 million from the IPO. But it stressed that Dell won't transfer any of the proceeds to its affiliates, meaning that it won't be used to pay for Dell's massive \$67 billion acquisition of corporation EMC.

Source: Business Insider

Wealthy switch investment horizons to commercial property



Wealthy investors in search of income-generating investments are looking to move from residential to commercial property in the face of the UK's stuttering super-prime real estate market, say property experts. Property advisers - including lawyers, fund managers and estate agents - reported rising demand from wealthy clients for commercial property. The asset class allows investors gain from the capital appreciation of the building itself as well as rental

incomes - in addition to any growth within that.

"If the market drops, houses and flats are lumpy and difficult to sell," said Bruce Dear, head of London real estate at Eversheds, the law firm.

Source: Financial Times

China investment in the US hits record \$15bn



Chinese investment in the US hit a record \$15bn last year and is set to hit twice that this year despite calls for greater scrutiny and growing political sensitivities in Washington, according to a new report. The study by the National Committee on US-China Relations and the Rhodium Group, which tracks foreign direct investment in the US, is an attempt to promote China's growing role as an investor there. The committee, which

celebrates its 50th anniversary this year, hosted the Chinese table tennis team in 1972 that formed part of the "ping-pong diplomacy" that famously led to the restoration of diplomatic and trade relations with China under President Richard Nixon.

Source: Financial Times

The changing landscape in Tianjin's Grade A office market

By Sean Linkletter, Research Analyst of JLL Tianjin



Like many other Tier-2 cities in China, Tianjin has seen a significant amount of office supply come onto the market at the same time. Within the last five years, the city's total office stock has doubled, and reached 2,100,000 sqm by the end of 2015. The supply of Grade A buildings, which we define as generally wholly-owned buildings in core locations with superior specifications, more than tripled during that same time period, reaching 603,000 sqm. But while the actual office sector grows in size, and new completions improve in terms of building specifications, there has been little growth from the sectors and companies that occupied space in the earlier waves of office buildings. As a result, many of the newly completed projects have focused on filling space with P2P companies — companies that provide a platform for

connecting lenders and borrowers — and other related wealth management firms. In recent quarters, these companies have come into the market at unprecedented rates, usually occupying large sizes and paying rents that are slightly higher than the market average. But while this has provided relief for landlords in the wake of a supply wave, the P2P and wealth management industry have proven to be less than stable as some companies experience bankruptcy or shut down due to regulation. For office buildings to be healthy in the long-term, they need a diversified and dependable tenant base.

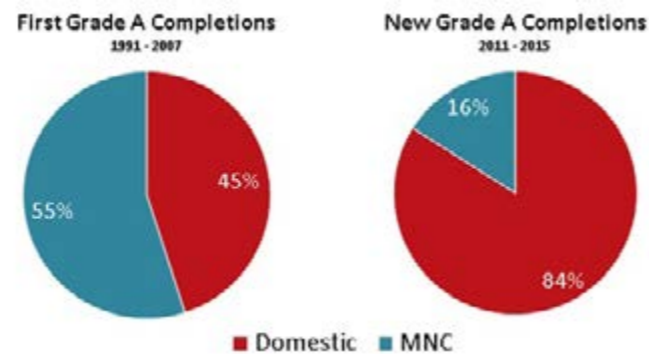
Previous office buildings in Tianjin had a broad mix of foreign and domestic firms and attracted a wide selection of industries. Strong economic growth in the 1990s and

early 2000s fueled office demand for manufacturing and trade-related industries and brought a lot of MNC's to central Tianjin. The logistics sector has also been a key driver of office demand, historically, as Tianjin's port area helps facilitate trade throughout north China.

Built in 1991 as the city's first Grade A building, the Tianjin International Building (TIB) entered the market at a time when Tianjin had very little office stock and has since been the recipient of demand from all of the above industries. Currently, 43% of the space in TIB is leased out to MNC's while its most represented sectors are logistics (25%), banking and insurance (20%) and trade (19%). The Exchange Towers 1 and 2 -- completed in 2002 and 2007 -- followed as Tianjin's second and third

Grade A office buildings. Much like TIB, they are also centrally located in Tianjin's primary CBD area and have a wholly-owned ownership structure. These two factors, and the fact that the two towers were completed at the height of the city's economic growth, led to a number of MNC's locating their Tianjin operations there. The Exchange Towers 1 and 2 have the highest concentration of MNC tenants in the market at 58 and 61 percent respectively. Traditional sectors within the projects are also well represented. For example, the logistics sector accounts for about 33 percent of the space in The Exchange Tower 1, followed by trade (28%) and professional services (16%). The most common tenant types in The Exchange Tower 2 are banking and finance (35%), professional services (26%) and logistics (10%).

Since 2007, five more Grade A buildings have been completed and, on average, most still have considerable vacancy. Furthermore, the average tenant structure of these new projects tells a different story. Compared with the first three Grade A completions, the overwhelming majority of the occupants in new Grade A buildings are domestic. Only about 16 percent of the occupants are MNC's and less than five percent are MNC's that sought space for a new set-up or expansion within Tianjin. While this indicates that domestic firms are beginning to realize the



Tenant Origin Breakdown – Grade A – by project completion date
Source: JLL Research

importance of leasing quality office space, and that is a good thing, it also shows that MNC's are not expanding in Tianjin at the same rate as before the Global Financial Crisis. We have seen demand shift from being 55 percent foreign firms to 84 percent domestic.

Compared with the other sectors, tenants P2P and wealth management tenants are much more likely to lease whole floor space.

Outside of TIB and The Exchange Towers 1 and 2, about 47% (or 71,000 sqm) of Tianjin's Grade A tenants are P2P or wealth management

companies. The high occupation rate of P2P and wealth management firms in new Grade A projects is alarming because of the cyclical nature of the industry.

Financial innovation of this sort is not a new phenomenon – home purchase restrictions (HPRs) in 2010 led to the rapid development of wealth management products (WMPs), and firms offering them, as individuals sought new ways to achieve investment returns. While P2P companies have a necessary place in the market – they provide much needed capital for individuals and SMEs (small-medium enterprises) that would not typically be attainable through traditional financing channels – the industry is particularly risky because it is, or was for a time, largely unregulated. The recent closures of Shentong Dada and Anhui Yucheng's E-Zubao are noteworthy examples of the risk level attached to leasing large amounts of space to P2P and wealth management firms. The two firms left over 8,000 sqm of space vacant across Grade A projects in Tianjin following their departure late last year. To put this in perspective, that equates to just over three percent of the total occupied space by all Grade A projects, enough to have a large impact on the market.

Somewhat ironically, the large size requirements of P2P and wealth

management firms help landlords boost occupancy rates while leaving them exposed to greater levels of risk. Compared with other sectors, P2P tenants and wealth management tenants are much more likely to lease whole floor space. While about 13 percent of tenants from the P2P and wealth management industries lease space greater than 2,000 sqm, only about three percent of tenants from all other industries lease space of that size.

Moreover, P2P and wealth management companies are not your typical, white-collar office tenant. Companies with space adjacent to these tenants complain that they disrupt their office environment by having frequent client visitors who create noise and abuse public areas. Because of this, landlords in Grade A projects sometimes impose restrictions on P2P tenants like disallowing ones that generate high visitor-traffic from leasing space. They also may try and compensate for flight-risk by asking for higher rents or larger deposits up front. However, given Tianjin's tenant-favorable leasing environment, where new leasing demand is harder to come by, landlords in most projects still elect to lease space to P2P or wealth management firms, especially given a rental value higher than market

average, which would otherwise rest vacant.

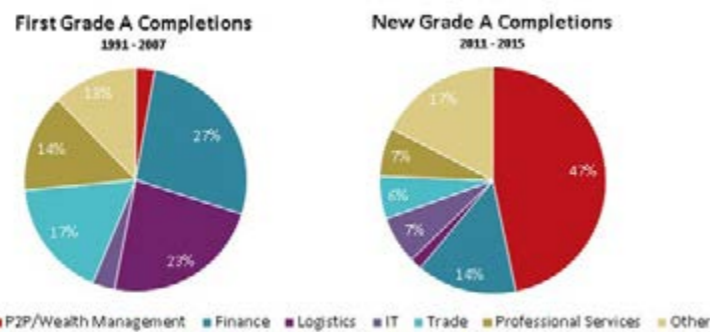
The office market in Tianjin faces a dilemma. Many of the new buildings are in fact better from a design and hardware point of view than their predecessors. They have larger and more efficient floor plates, more natural light, higher ceilings, raised floors, and more space for amenities in their retail podiums. All of these are things that many foreign firms would recognize and be willing to pay for, but for the most part, have not expanded in Tianjin in recent years.

Many of the newly completed projects have focused on filling space with P2P companies – companies that provide a platform for connecting lenders and borrowers

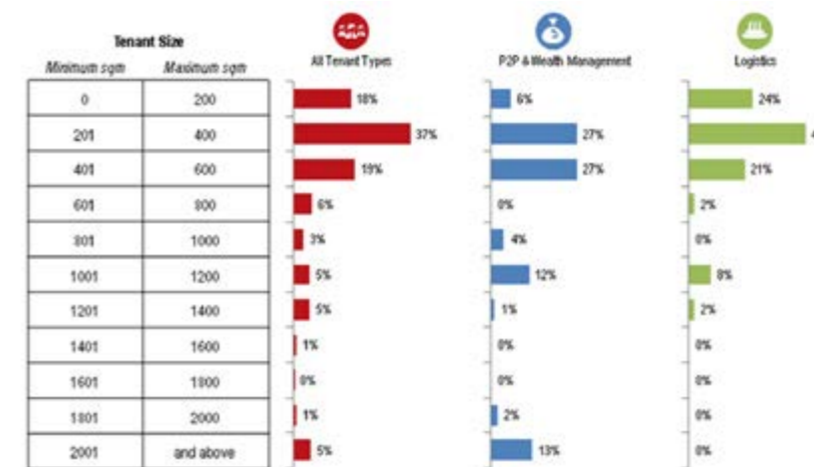
Landlords in newly completed Grade A projects will instead shift their focus to attracting existing MNC tenants looking to upgrade their space. The high concentration of MNCs in the early Grade A projects has led to

agglomeration among competing companies from the same industry. This situation is uncommon in Tier-1 cities with a greater number of high quality office buildings as competing companies tend to keep their distance between one another to maintain a competitive advantage. Additionally, inefficient planning and the smaller floor plates seen in the earlier Grade A completions have inconvenienced many foreign companies leasing large spaces as they are often spread across multiple and sometimes non-adjacent floors. These factors should lead to a greater dispersion of MNC tenants, especially as more high quality space comes onto the market.

In summary, Grade A buildings completed in the early stages of Tianjin's office market development have each built up a stable base composed mainly of MNC and domestic tenants from Tianjin's traditional industries – logistics and manufacturing. With low vacancy rates and little volatility in their tenant mix, these projects have maintained stable rental incomes and, as such, should see relatively higher valuations. However, with muted demand from the types of companies that filled earlier completions, many of the newly built Grade A projects have been forced to focus mainly on the current hot industry – P2P and wealth management – and may see vacancy rates rising if the sector faces further regulation or consolidation. Landlords in these projects will begin to focus on diversifying away from this industry-specific risk if they are to be stable in the long term. Though what is likely to happen is a few of the new buildings will attract a cluster of foreign firms looking to upgrade, some buildings may focus on stable domestic firms, and some will end up being empty and distressed. **B**



Industry Breakdown – Grade A – by project completion date
Source: JLL Research



Tenant Sizes – Grade A
Source: JLL Research

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IP Case Study

Protecting design and innovation in China

By China IPR SME Helpdesk

Innovative technology that is used in consumer products can be protected under invention or design patents in China, but this will not offer 100% protection against others illegally using the innovations in knock-off products, particularly while the patent is still pending. However, when it comes to products with functional technology, consumers are sensitive to quality. It is therefore beneficial to think about other ways to convince potential customers that your goods are the best in the market. Updating designs can serve to compliment technical innovation and keep a product ahead of those trying to emulate or imitate.

Vogmask is a popular anti-pollution mask product available in China, using an innovative microfiber filtration fabric. Christopher Dobbing founded Vogmask China in 2013. Originally an education consultant, he found that most students he worked with mentioned air pollution as a major challenge for China in the next 10 years, and that many of them had breathing illnesses or carried an inhaler with them. While searching for a good quality mask that he could recommend to students, Christopher got in touch with Vogmask USA. Vogmask UK and Vogmask China were founded shortly after.

“Vogmask China was founded in 2013 and our business has grown rapidly since”, say Christopher. “The market for air pollution products is growing, and until we entered the market no good pollution masks for children were available in China”, he continues. “Our masks are available at hospitals, international schools and online. Because the design of our masks is adaptable we can be creative in branding. Vogmask is a combination of fashion and function.”

Not long after its market entry, Vogmask found counterfeits and unlicensed products on the Chinese

online retail platform Taobao. Christopher explains: “We monitor the market carefully and conduct a weekly online check. There are two types of items we need to deal with online: the first is cheap copies of our masks, the second is unlicensed imports of real products, meaning that the seller imported the goods illegally in order to avoid paying 17% import tax.” Christopher indicates that the volume of infringing products is growing every week.

Through the EU SME Centre, Christopher got in touch with the Helpdesk, who provided information on how infringing goods can be taken down from e-commerce sites in China. “This has been very useful and we have a clear idea on how to act now”, Christopher says. “We registered our trade mark in China immediately when we entered the market, but as registration processes

Updating designs can serve to compliment technical innovation and keep a product ahead of those trying to emulate or imitate.

in China can take quite some time, we are still awaiting our trade mark registration certificate. We need this certificate to prove to Taobao that we own the brand, and only then can we start with the takedown procedure of infringing products”.

Other than the continuous battle with online infringers, Christopher has an adequate IP strategy in place. He states: “The filters used in our masks are made of a very specialized, patented material. As it is too advanced to be copied cheaply, the quality of infringing products is not nearly as good as the original. As people are aware of the health issues regarding air pollution, they won’t



buy a cheap copy instead of the real product.” According to Christopher, the design of the masks changes frequently, so copycats can’t keep up with the changes: “The design of our masks changes every year, people want to keep up with new trends and would therefore not buy a copy of last year’s design.”

Furthermore, Christopher says that although Vogmasks are manufactured in Korea, the company works with a distributor in Singapore so there is always the chance of information being leaked to China. “We monitor our distributors and had to cut one off because they seemed to be leaking information. Other than that we’re good, but it’s important to stay ahead.”

As a recommendation to other SMEs operating in China, Christopher advises: “Monitor the market, keep track of the business environment and deal with challenges as they arise. Start the process of registering your trade mark as soon as possible, because the registration process in China is very time consuming. Things that take one hour in the UK can take six months in China, so you really need to assign time for all registrations in order to manage your business well.” **E**

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The China IPR SME Helpdesk is a European Union co-funded project that provides free, practical, business advice relating to China IPR to European SMEs. To learn about any aspect of intellectual property rights in China, visit our online portal at www.china-iprhelpdesk.eu. For free expert advice on China IPR for your business, e-mail your questions to: question@china-iprhelpdesk.eu. You will receive a reply from one of the Helpdesk experts within three working days.

Branding Trends in China for 2016

By Justin Toy

2015 was a turbulent year for the Chinese economy. Amidst another long and arduous year of rebalancing the economy away from investment driven growth towards a more sustainable model, economic growth slowed down to 6.9%, the lowest rate of growth in decades. Meanwhile, the Chinese stock market lost one third of its value over a relatively short period of time. Despite these facts, the value of China's top 100 brands rose a robust 13% according to Millward Brown's BrandZ Top 100 Most Valuable Chinese Brands 2016 report. The report indicates that the shift to a more consumer driven economy is happening in a big way.

For the past six years now, Millward Brown; a global marketing company focussed on brands, media and communications; has been publishing the definitive branding report for the Chinese market. This year's report continues its tradition of incredible insight into marketing trends within China. During 2015, market-driven brands exceeded 50% of the top 100 brands' total value for the first time ever. At the same time, half of China's ten most valuable brands are market-driven companies. Tencent, the creator of WeChat, remains the most valuable Chinese brand for the second year in a row. The technology giant increased its brand value by an impressive 24% since last year's rankings. The technology sector as a whole increased from 16% of the total value of the top 100 in 2015 to 27% this year. Meanwhile, banking and telecom, two industries dominated by state owned enterprises, decreased from 50% down to 32%. These facts further emphasize China's shift towards a more market-driven and sustainable economic future.

The BrandZ™ Top 100 Most Valuable Chinese Brands 2016

Brand	Category	Brand Value US\$ MIL.	Brand Value % Change 2015 vs. 2014	Brand Contribution
1 Tencent	Technology	82,107	24%	5
2 China Mobile	Telecom Providers	57,857	2%	4
3 Alibaba	Retail	47,605	-20%	3
4 ICBC	Banks	34,276	-1%	2
5 Baidu	Technology	26,849	-13%	5
6 China Construction Bank	Banks	19,720	-6%	2
7 Huawei	Technology	18,501	NEW	3
8 Agricultural Bank of China	Banks	16,239	5%	2
9 Ping An	Insurance	15,624	4%	3
10 China Life	Insurance	15,504	53%	3
11 Bank of China	Banks	12,974	9%	2
12 Sinopec	Oil & Gas	12,717	-18%	1
13 Moutai	Alcohol	11,507	5%	5
14 PetroChina	Oil & Gas	10,709	-1%	1
15 JD.com	Retail	9,422	NEW	3
16 China Telecom	Telecom Providers	9,001	-9%	4
17 China Merchants Bank	Banks	8,631	17%	2
18 Yili	Food & Dairy	6,235	22%	5
19 Air China	Airlines	4,902	26%	3
20 Mengniu	Food & Dairy	4,755	-2%	5
21 China Unicom	Telecom Providers	4,708	-14%	3
22 Bank of Communications	Banks	4,499	17%	2
23 CPIC	Insurance	4,304	36%	3
24 Lenovo	Technology	3,788	16%	3
25 China Minsheng Bank	Banks	3,441	12%	2

The BrandZ™ Top 100 Most Valuable Chinese Brands 2016

Brand	Category	Brand Value US\$ MIL.	Brand Value % Change 2015 vs. 2014	Brand Contribution
26 Suning	Retail	3,310	68%	3
27 Yunnan Baiyao	Health Care	3,046	1%	4
28 Vanke	Real Estate	3,036	18%	4
29 China Eastern Airlines	Airlines	3,015	49%	3
30 PICC	Insurance	2,975	25%	2
31 Wanda	Real Estate	2,921	NEW	2
32 Letv	Technology	2,805	8%	5
33 Midea	Home Appliances	2,495	54%	4
34 China Southern Airlines	Airlines	2,454	44%	3
35 Haier	Home Appliances	2,360	22%	4
36 Evergrande Real Estate	Real Estate	2,288	49%	3
37 Shuanghui	Food & Dairy	2,265	-17%	3
38 Poly Real Estate	Real Estate	2,115	20%	3
39 Gree	Home Appliances	1,947	9%	3
40 NetEase	Technology	1,933	73%	3
41 360	Technology	1,903	20%	3
42 New China Life	Insurance	1,825	42%	2
43 Tong Ren Tang	Health Care	1,808	4%	4
44 Ctrip	Travel Agencies	1,781	40%	3
45 Yanghe	Alcohol	1,648	24%	3
46 BYD	Cars	1,573	20%	1
47 ZTE	Technology	1,548	46%	3
48 Country Garden	Real Estate	1,468	1%	3
49 Tsingtao Beer	Alcohol	1,440	-20%	5
50 Changyu	Alcohol	1,362	25%	4

Chinese brands grew more Salient, but declined in Different...

Of the three components that comprise Brand Power, the BrandZ™ measurement of brand equity, Chinese brands rose in Salient, remained flat in Meaningful, and declined in Different.



Source: BrandZ™ / Millward Brown

Five Trends for Brands in 2016

1. Chinese Brands Become More Salient

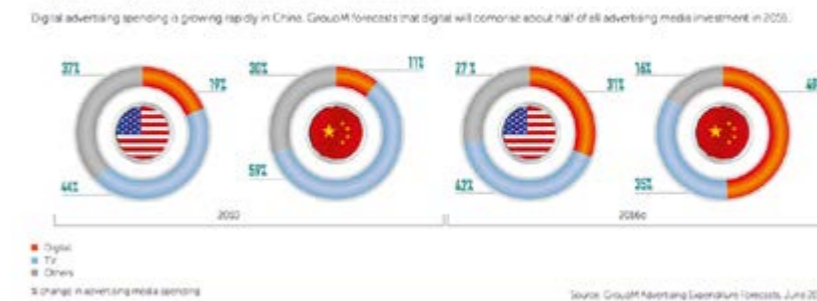
According to Millard Brown, there are three important components of Brand Power which are used to help measure brand equity. The first component is Differentiation, the way that consumers view the brand in some unique way, perhaps as a trendsetter. The second component is Meaningfulness where consumers feel an affinity for the brand. The third component is Salience, consumers think of this brand quickly when a purchasing opportunity arises. Over the past several years, Chinese brands have made a lot of progress on becoming more salient than multinational brands. In terms of meaningfulness, Chinese and multinational brands are about even in the minds of Chinese consumers. However, multinational brands still have a significant edge over their Chinese counterparts when it comes to being seen as different. Out of the 20 dimensions that are used to examine how brands differentiate, the most important characteristics in China are trust, creativity, desirability, and wisdom. In light of previous safety scandals, trust is a dimension that is more important for brand managers to build and nurture than anywhere else in Asia (and perhaps the world).

The Chinese Dream now represents the expectations and hopes of Chinese consumers, especially the younger generations.

2. Mobile Continues to Dominate

China has over 670 million internet users, more than double the population of the US. Meanwhile, advertising and marketing communication are evolving differently and more rapidly than in the west. To illustrate this point, about half of all advertising spending in China is spent on digital while just over a third is spent on TV. In the US, these numbers are reversed with about 42% spend on TV and less than a third spent on digital. Since 2010, digital spending in China has increased by about 450% compared

Digital ad spending outpaces all other media...



to a 60% increase over the same time period in the US.

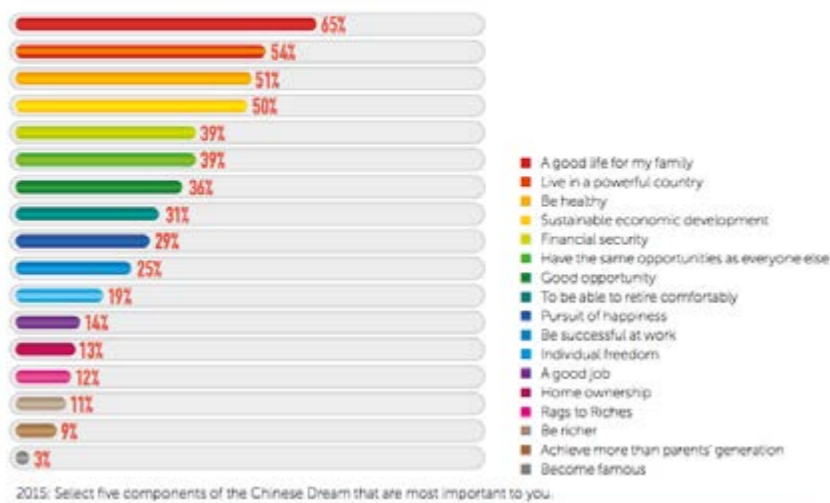
A majority of the digital advertising investment in China is being spent on videos. During 2016, spending is expected to increase by 41%, an increase of 660% over the past five years. However, Chinese consumers are getting frustrated with the growing number of long video ads online. When it comes to digital, brands should try to focus on generating less traditional (like video) content, and more on things such as blogs, WeChat and other social media platform posts, white papers, etc. If engaging in online video, make sure that your content can instantly grab and hold attention (humor is usually the best way to accomplish this).

3. Optimism in the Face of Uncertainty

Despite the fluctuations in the stock market and decrease in GDP growth, Chinese consumers remain quite optimistic about the state of the economy. In a survey done at the end of last year that examined the expectations of small investors in China, almost three quarters of respondents felt optimistic about future of the stock market based on their faith that the government would continue to drive economic growth. The overall level of confidence can be observed in the increased economic activity, especially in the retail sector which grew by 10% last year.

... A good life for self and family remains most important...

The priorities of the Chinese Dream remain fairly consistent over time for Chinese individuals. A good life for the family tops the list for almost two-thirds.

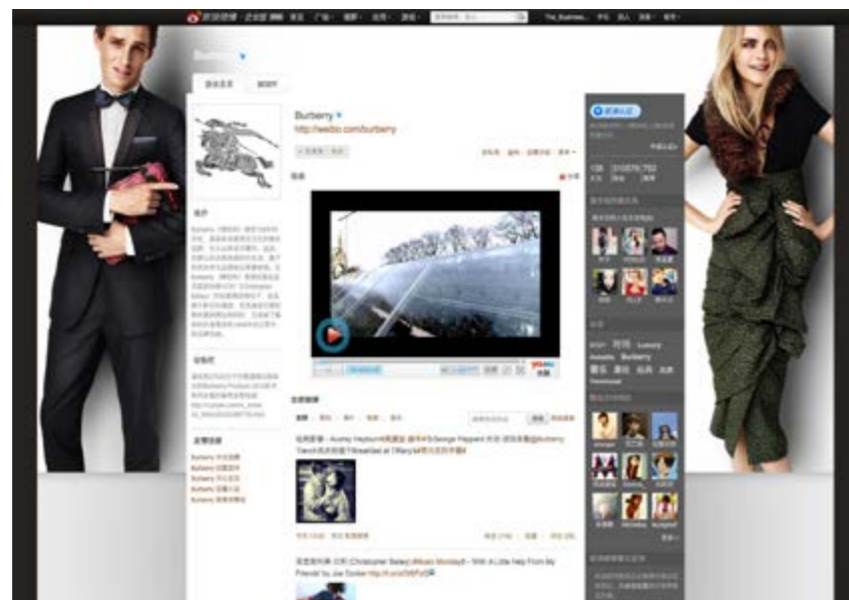


2015: Select five components of the Chinese Dream that are most important to you.

4. The Chinese Dream

In 2012, President Xi described a vision of China that was respected around the world and whose citizens enjoyed great prosperity. He called this vision the Chinese Dream. The Chinese Dream has moved past just being a government slogan and now represents the expectations and hopes of Chinese consumers, especially the younger generations. Chinese consumers are likely to view brands more favorably if they believe the product or service aligns with their view of the Chinese Dream. According to one survey, the five most important components of the Chinese Dream include A good life for one's family, to live in a powerful country, to be healthy, to have sustainable economic development, and financial security. Brands can really benefit if they can align with the Chinese Dream by demonstrating that their mission is not just about profits, but can help Chinese families improve their lives and help the country develop into a stronger, more prosperous, and equitable nation.

Today's more sophisticated Chinese consumers are motivated less by status, and more by quality and safety.



5. Shift in Preferences for International Brands

For many years, international brands were desired in China mainly as a status symbol. However, today's more sophisticated Chinese consumers are motivated less by status, and more by quality and safety. Status still plays an important part of the purchasing decision process, particularly in the luxury goods market. The most important attributes that Chinese consumers consider when purchasing a status symbol product include country of origin, history, and storytelling. At the same time, shoppers are becoming more comfortable purchasing luxury goods and foreign products on the internet. Consumers are able to shop with more confidence that the products they purchase are genuine and can be shipped quickly and at a low price. These shifts in consumer preferences are an opportunity for international brands to more easily reach Chinese consumers across the entire country as consumers in tier 3 and 4 cities become more affluent and develop more international tastes. **E**

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How to Protect Your Interest When Entering into Commercial Contracts with Chinese Partners

(Part II)



Manuel Torres
(Managing Partner of Garrigues China)



Xuezhou Chen
(Corporate Associate)



Following the article of last month, this article will continue introducing the key points to protect your interests when entering into commercial contracts with companies of the People's Republic of China ("PRC"). For purpose of this article, the commercial contracts will refer to the international goods sale and purchase agreements ("SPA"), which is entered into between a foreign company and its PRC partner. For this part, we are going to address on the following two sections:

1. Price, Currency and Payment Terms

In a SPA, you will need to consider the price for the object, in which currency the price will be paid and the payment terms of the price.

1.1 Price

In the international goods trade, incoterms is widely used to specify the price components and rights and obligations of both parties. The table on the next page shows the price components, rights and obligations of six most used terms under incoterms 2010.

Among these terms, FOB, CFR and CIF are used only for sea and inland waterway transport, and FCA, CPT and CIP can be used for any mode or modes of transport. From this table, we can find that, under the FOB and FCA, the buyer is obliged to sign the transportation agreement. Usually, the buyer will also nominate its export forwarder. Therefore, these two terms are usually more beneficial to the buyer. Also, except for the terms of CIF and CIP, incoterms 2010 does not provide which party is obliged to insure the goods. Therefore, it is recommended that the parties making this obligation clear in the SPA.

1.2 Payment Terms

In international goods trade, payment by installments is widely used. For example, the payment terms could be set as follows:

- Upon provision of the photocopy of export license (if applicable) and the refund guarantee issued by the bank, the buyer will pay 10% of the transaction price as a down payment to the seller;

- The buyer will then pay 80% of the transaction price by several installments (time of payment and amount of each installment shall depend on the delivery schedule);

- The remaining 10% of the transaction price will be paid upon delivery of last batch of goods or upon the date of expiry of the quality warranty period.

Payment by installments could effectively lower the risk of the buyer and also relieve the seller's financial pressure at the same time.

1.3 Currency

In the SPA, the parties will address on the currency to pay the transaction price. Due to exchange rate fluctuation, both parties might suffer from exchange loss. Therefore, when choosing the currency for payment,

you need to make judgements on the exchange rate trend and select the currency that is beneficial, or whose exchange rate is relatively stable. Also, you could request to stipulate in the SPA provision of sharing the exchange loss by both parties. For transactions of large scales, you could also request to stipulate in the SPA that the transaction price will be adjusted according to the fluctuation of the exchange rate.

2. Labeling, Inspection and Product Liability

To guarantee the quality of the goods, it is recommended that you should pay attention to the following issues.

In a SPA, you need to consider the price for the object, in which currency the price will be paid and the payment terms of the price

2.1 Labeling

- Clear labeling on the transport package

The seller shall make clear any labeling on the transport package of the goods, which usually includes shipping marks, indicative marks, warning marks, etc. The shipping marks, as you can see in the first picture, usually contain the basic information of the SPA and shipping documents, such as the short name or code for destination, consignor and consignee, the volume, weight and production country or area of the goods, etc. The indicative marks, as you can see in the second picture, usually address the specific feature of the goods, such as fragile or need to avoid dampness. The warning marks, as you may also find in the third picture, are fixed on dangerous goods.

- China Compulsory Certification ("CCC")

In accordance with the PRC Regulations on Certification and Accreditation ("Certification

Regulations"), the PRC General Administration of Quality Supervision, Inspection and Quarantine and the PRC Certification and Accreditation Administration jointly released a list of products subject to CCC ("Certification List") in 2001. In accordance with the Certification Regulations, none of the products in the Certification List could leave the factory, be sold, imported or used in other operation activities before they are certificated by the certification institutions designated by the PRC Certification and Accreditation Administration and labeled with the certification mark. The Certification List covers a wide range of categories of products, such as household compliances, automobiles, safety glass, electric wire and cable, toys, etc.

For products which pass the CCC, this label will then be affixed thereon. Therefore, if the transaction goods are on the Certification List, it would be better to include the clause that CCC labels should be affixed on the transaction goods.

2.2 Inspection

- PRC compulsory import & export inspection

In accordance with the PRC Law, import and export inspection is compulsory for certain goods, such as radios, TV sets, dangerous goods and perishable goods. And the HS Codes adopted by the PRC Customs corresponding to the goods could be used to check whether the goods are subject to compulsory export inspection. If the goods you purchased are subject to such inspection, you may state in the SPA which party shall be responsible to bear the cost of the export inspection required by the PRC Law, for example, the export inspection shall be duly handled by the Chinese seller on its own cost.

- Inspection by parties' mutual agreement



When choosing the currency of payment, you need to make judgments on the exchange rate trend and select the currency that is beneficial, or whose exchange rate is relatively stable

2.3 Product Liability

As we have just mentioned, if the parties do not agree on the inspection period, the PRC law provides a maximum two-year period for the inspection. However, as a buyer you could request to state a longer warranty period in the SPA. Also, you could require the Chinese supplier to buy product liability insurance for the goods sold.

In case any dispute regarding product liability arises, in accordance with the PRC laws, if the infringer conducts operational activities in the place of habitual residence of the infringed party, the laws of the place of habitual residence of the infringed party could be adopted, which might mean the parties face larger compensation liability if said jurisdiction is more in favor to the infringed party. In such cases, the parties shall carefully negotiate and agree on the product liability and buy sufficient product liability insurance to cover the potential risk.

In the next part, we are going to address on the (i) confidentiality clauses; (ii) exclusivity obligations; and (iii) governing law and dispute resolution to be stipulated in the SPA.

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Incoterms 2010

	Rules for sea and inland waterway transport			Rules for any mode or modes of transport		
	FOB	CFR	CIF	FCA	CPT	CIP
	Free on Board	Cost & Freight	Cost, Insurance & Freight	Free Carrier	Carriage Paid To	Carriage & Insurance Paid To
	Who pays	Who pays	Who pays	Who pays	Who pays	Who pays
Export Packing	Seller	Seller	Seller	Seller	Seller	Seller
Marking & Labelling	Seller	Seller	Seller	Seller	Seller	Seller
Export Clearance	Seller	Seller	Seller	Seller	Seller	Seller
Inland Freight to Main Carrier	Seller	Seller	Seller	1	Seller	Seller
Origin Terminal Charges	Seller	Seller	Seller	Buyer	Seller	Seller
Vessel Loading Charges	Seller	Seller	Seller	Buyer	Seller	Seller
Ocean Freight / Air Freight	Buyer	Seller	Seller	Buyer	Seller	Seller
Marine Insurance	2	2	Seller	2	2	Seller
Unload Main Carrier Charges	Buyer	3	3	Buyer	3	3
Destination Terminal Charges	Buyer	3	3	Buyer	3	3
Security Information Requirements	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer
Customs Broker Clearance Fees	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer
Duty, Customs Fees, Taxes	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer
Delivery to Buyer Destination	Buyer	Buyer	Buyer	Buyer	4	4
Delivering Carrier Unloading	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer

1. FCA Seller's Facility - Buyer pays inland freight; other FCA qualifiers. Seller arranges and loads pre-delivery place. -carrier carrier and pays inland freight to the "F"
 2. Incoterms 2010 does not obligate the buyer nor must the seller to insure the goods. Therefore, this issue shall be addressed elsewhere in the SPA.
 3. Charges paid by buyer or seller depending on contract or carriage.
 4. Charges paid by seller if through bill of lading or door -to-door rate to buyer's destination.

Retail-giants prepare to enter the global freight forwarding industry

By Ruben van den Boer



Since the economic crisis of 2008, the responsibility for the challenging environment in the logistics service sector has primarily been attributed to a weakened global economy, shipping overcapacity and the lack of regulations. However, the true challenge for the world's oldest service sector might come from a completely different direction: E-retail.

Within the last 12 months, the freight forwarding industry has been the stage for some major mergers and acquisitions. DSV acquired UTI, increasing its presence in North America and Africa. SDV and Bolloré Africa globally merged as one Bolloré Group. Japan Post entered the forwarding industry by acquiring Toll Group and is expected

to take over DHL Global Forwarding in the near future. Meanwhile, DHL's forwarding arm is losing market share to runner-ups DB Schenker and Kuehne-Nagel. While the "big 10" are becoming bigger and fighting back for market share, the small- and medium-sized players swear by their flexibility, cost control and customer service. Only time will tell which strategy is superior: Bigger is better or less is more.

Freight rates remain low due to a continuing shipping overcapacity and record low commodity prices. Meanwhile, shipping alliances strengthen their market power by increasing their direct sales activities: selling to cargo-owners directly without the mediation of a forwarding agency. These tough

circumstances have motivated many traditional forwarders to invest in new sectors such as ecommerce and warehousing. This, in turn, quickly leads to overcapacity in these other sectors too.

While the forwarding industry is somehow blindsighted by the smoke it creates internally, the biggest threat for the \$350 billion industry might actually come from the outside. Amazon, the world's largest retailer and a frontrunner in IT, already provides warehousing services. The retailer also owns drones. At the end of 2015, Amazon started negotiations with Boeing to lease jets in order to start its own air-cargo services. Early 2016 Amazon China has been registered as an ocean freight forwarder, enabling the retail-giant

to directly ship from China, still the world's largest exporter of manufactured goods. In April 2016, rumours were spread that Amazon will invest in buying its very own container ships. This, it is said, is the company's final step in its strategy to become the world's first retail oligopoly. Amazon will significantly benefit from its economy of scale. The company's state of the art technology, including drones, is likely to lead to a much more streamlined and cost saving logistics process.

Alibaba, Amazon's main competitor, is bound to go a similar way. Alibaba Logistics has already established an advanced hierarchical network within China, using a number of closely controlled partners. In line with its international ambitions, the Chinese retailer is increasingly investing in the development of a global supply chain. For instance, last year the company invested an additional \$138 million in SingPost, increasing its stake in Singapore's national postal and logistics company to 14.51 percent.

It might take another decade, but Amazon's "own-all" and Alibaba's "control-all" global supply chain strategies will inevitably transform the logistics industry as we know it today. Besides a fast increase of competition, the two companies will bring in valuable knowledge of information technology, something that will have a significant impact on the traditionally "people-driven" industry.

In the long-term, the recent flow of M&As in the forwarding industry might turn out to be a first attempt to weapon against the tech-savvy newcomers by combining years of logistics experience and knowledge.

Ever since the Chinese kings and Roman emperors moved their armies around the globe, logistics has been a pure people-business. So far the sector has been relatively resistant towards the introduction of information technology. But E-retail is likely to enter the freight forwarding industry on a big scale in the foreseeable future,

the consequences for the sector's traditional labour market should not be underestimated. For instance, imagine a drone delivering cargo directly from the ship to the buyer, without the need for offloading and domestic trucking.

While the current discussion centers primarily on diminishing profit rates and rising labor costs, the logistics service sector might actually have a bigger fish to catch.

The author is a partner and leader of RMG Selection's Logistics and Supply-Chain group in greater China which provides recruitment and human resource services to the freight forwarding and logistics industries as well as recruiting in-house supply chain roles. **B**

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Turnover Taxes reform

Analysis of current wave of tax reforms covering a few sectors



Kelvin Lee, PwC Tianjin

In brief

On 5 March 2016, Premier Li Keqiang indicated in the government work report that the pilot program for the transformation from Business Tax (BT) to Value Added Tax (VAT) (the “B2V Reform”) would be expanded to cover the construction sector, real estate sector, financial services and consumer services (the “Four Industries”) from 1 May 2016. On 18 March, the Executive Meeting of State Council officially approved the implementation measures for the B2V Reform. On 24 March 2016, the Ministry of Finance (MoF) and the State Administration of Taxation (SAT) jointly released Caishui [2016] No. 36 (Circular 36) on the Comprehensive Roll-out of the B2V Transformation Pilot Program, and the long-awaited expansion measures

of the B2V Reform was officially released.

Circular 36 stipulates that the taxable scope of the B2V reform is “the sales of services, intangibles or immovable properties within China”. In terms of the applicable VAT rate, the rate for transportation services, postal services, basic telecommunication services, construction services, immovable property leasing services, sales of immovable properties and transfer of land use right is 11%; the rate for tangible movable properties leasing services is 17%; the rate for other taxable activities (including financial services and consumer services, etc.) is 6%; and certain cross-border taxable activities within the service scope stipulated by the MoF and SAT provided by domestic taxpayers shall be zero-rated or exempted from VAT. In addition, taxpayers can claim input VAT credit on VAT incurred on the purchase of immovable properties with valid VAT invoices. By now, all industries under the BT regime have been transformed to the VAT regime; all VAT taxpayers are highly recommended to pay close attention to the significant impacts brought about by the B2V Reform.

In detail

Overall picture

Circular 36 comprises of general measures and four appendices, and the format is consistent with

the previous B2V reform policies circulars. It clarifies the effective implementation date and the relevant work requirements. The four appendices are as follows:

- Appendix 1: <Implementation Measures for the B2V Pilot Program> which focuses on taxation elements, such as, scope of taxpayers, scope of taxable activities, tax rates, calculation of tax payable, etc.
- Appendix 2: <Regulations on Certain Issues in relation to the B2V Pilot Program> which elaborates certain specific VAT policies for new B2V pilot taxpayers and existing VAT taxpayers respectively during the period of the B2V Pilot Program.
- Appendix 3: <Regulations on Transitional Treatment of the B2V Pilot Program> which stipulates that the original tax preferential treatments under BT are retained during the period of the B2V Pilot Program;
- Appendix 4: <Regulations on the Cross-border Taxable Activities eligible for VAT Zero-rating or Exemption> which stipulates the scope of cross-border taxable activities eligible for VAT zero-rated or exemption treatment.

All B2V business is covered by Circular 36, and certain existing circulars relating to the earlier stages of the B2V Reform, such as Caishui [2013] No. 106 (“Circular 106”), etc. will be abolished simultaneously as Circular 36 comes into effect.



Therefore, Circular 36 will have a profound impact on new VAT pilot taxpayers, existing VAT pilot taxpayers and non-VAT pilot taxpayers.

New and adjusted provisions

• Adjustment of taxable scope

Circular 36 stipulates that the taxable scope of the B2V pilot program is “the sales of services, intangibles or immovable properties within China”. While construction services, financial services, consumer services, sales of land use right, sales and leasing of immovable properties are newly added into the taxable scope, the circular also adjusts and optimises the previous annotation of the scope of each item of service, for instance:

- Reclassifying “Technology Transfer and Technology Consulting” from “R&D and Technology Services” to “Sales of Intangibles” and “Identification and Consulting Services” respectively;
- Reclassifying “Freight Forwarding and Customs Agency” from “Logistics Auxiliary Services” to

the new category named “Business Auxiliary Services”;
 - Moving “Value-added Information System Services” from “Business Process Management” to a separate new chapter;
 - Reclassifying “Financial Sale and Leaseback Model” from “Tangible Movable Property Leasing Services” to “Financial Services”;
 - Re-defining some of the services in “Logistics Auxiliary Services” as “Non-carrier Transportation Services” and reclassifying them into “Transportation Services”;

By now, all industries under the BT regime have been transformed to the VAT regime

The above changes show that the taxable service scope is becoming more detailed and complete as the development of B2V pilot program progresses. Even if taxpayers have not changed their business, the change of the annotation on the tax categories could affect the taxpayers’ applicable tax category, and even the tax rate.

Taxpayers should get to know the annotation details and precisely determine the applicable taxable service category and tax rate.

• Concurrent operation and mixed sales activity

Circular 36 contains provisions for both concurrent operation activities and mixed sales activities. Where a pilot enterprise provides VAT-able activities that are subject to different VAT rates or levy rates, the enterprise should separately account for the turnover of each activity. If the VAT-able activities are not separately accounted for, the highest VAT rate would apply to all VAT-able activities. Mixed sales refers to a sales transaction comprising of both services and goods, taxpayers engaging in the production, and the trading of goods would be subject to VAT on such mixed sales under the category of sales of goods, while other taxpayers would be subject to VAT under the category of sales of services. Meanwhile, the concept of “mixed operation” in Circular 106 is abolished.

• Reasonable commercial purpose

According to Circular 36, tax authorities have the right to determine the sales amount of taxable activities provided by a taxpayer where it is obviously high or low and without reasonable commercial purpose. Reasonable commercial purpose is a standard used by tax authorities to assess the legal form and economic substance of taxpayers or transactions and has been widely adopted in the Corporate Income Tax (CIT) regime. Although Circular 106 has already introduced the reasonable commercial purpose principle, it is still unclear as to how to determine reasonable commercial purpose in the turnover tax regime. In this regard, Circular 36 defines the

term “without reasonable commercial purpose” to refer to the seeking of tax benefits as the main purpose and through the use of artificial arrangements to reduce, exempt, defer VAT payments or increase VAT refund.

• Net basis method

According to the VAT general principle, VAT payable shall be the balance of output VAT less input VAT, which means VAT only taxes the value-added portion. However, considering that, in practice, valid VAT invoices may not be able to be obtained for certain special businesses which makes it impossible to accurately calculate the “value added amount”, Circular 36 introduces the net basis method which allows industries, such as, financial leasing, air transportation, brokerage and agency, tourism business, etc. to calculate the VAT payable amount by deducting certain

prescribed expenditures from the gross VAT-able sales amount.

Circular 36 also requires valid invoices to support the deduction of the prescribed expenditures above mentioned. Meanwhile, Circular 36 also stipulates that even when the invoices mentioned above are also eligible for claiming input VAT credit, taxpayers can only use the net basis method to calculate the VAT payable and cannot choose to claim input VAT credit.

• Immovable property are included in input VAT credit scope

The B2V Reform also facilitates the social division of labour and industrial upgrading

Circular 36 stipulates that VAT incurred on the purchase of immovable property is creditable provided that valid VAT invoices are obtained. China has allowed VAT incurred on the purchase of fixed assets to be creditable since 2009. By adding VAT incurred on the purchase of immovable properties to the creditable scope in this round of reform, China has now fully implemented a consumption-based VAT regime, which is important in perfecting the VAT credit chain and mitigating the multiple taxation issue. Taxpayers should pay attention to the methods of claiming input VAT credit and the administrative requirements stipulated in Circular 36, timely obtain the VAT invoices and complete the input VAT invoice verification within 180 days to ensure that the input VAT amount can be fully credited.

According to Circular 36, except for immovable properties under finance

lease and temporary building and facilities in construction sites, input VAT incurred on the purchase of immovable properties can be credited over two years with 60% in the first year and 40% in the second year. As the current VAT credit mechanism adopts the principle of allowing input VAT credit to be claimed for purchases in the current period, taxpayers can claim the full input VAT credit in the period the VAT invoice is obtained. Claiming the credit in instalments will bring some practical problems in accounting and tax filing which taxpayers have to be aware.

• VAT on lending services is not creditable

According to Circular 36, input VAT on lending services such as interest payment as well as advisory fees, commission charges, consulting fees, etc. paid by the borrower that are directly related to the lending services received by the borrower are not creditable. As a result, interest payment, which is the most common financial service charge, is not included in the input VAT credit scope. Circular 36 has not explained whether it is because of fiscal revenue consideration or tax administration reason. Taxpayers should pay closely attention to the official policy interpretation and subsequent circulars.

In addition, Circular 36 also stipulates that VAT on passenger transportation services, catering services, resident daily services and entertainment services is not creditable. These services are generally for collective benefits or individual consumption, which are always not creditable even if the taxpayers have obtained the relevant valid invoices. However, as input VAT in relation to self-used vehicles and yachts has already been included in the VAT credit scope since 2013, taxpayers should keep an eye on the

further policy development of these items.

• Using net value in calculating input VAT credit

Circular 36 stipulates that where there is a change in the use of fixed assets, intangibles and immovable properties of which the input VAT incurred was not credited because of the use of simplified method, VAT exemption, being used in collective benefits or for individual consumption and these assets are now used in activities where input VAT credit is allowed, the taxpayer can claim input VAT credit based on “the net value” with the support of valid invoices in the month following the change. As the former VAT Law and regulations did not have any provision addressing this specific situation, therefore taxpayers may likely not be able to claim input VAT credit in the past. On the other hand, where taxpayers have changed the use of assets and the VAT is no longer creditable, the non-creditable input VAT has to be transferred out. Circular 36 now makes the input VAT credit rules more practical and reasonable, taxpayers should pay attention to the procedures for claiming such input VAT credit, particularly how to resolve the situation where the VAT invoice verification period has expired.

VAT is much more complicated in terms of either tax treatment or tax administration as compared with BT

• New policy on cross-border taxable activities

Circular 36 has zero-rated or exempted certain cross-border taxable activities of the Four

Industries, such as overseas construction services, provision of direct fee paying financial services related to monetary financing and other financial services carried out among foreign entities. VAT pilot taxpayers should understand the relevant administrative measures to ensure they can fully enjoy the preferential treatments.

The takeaway

As an important measures to deepen the fiscal and taxation reform and supply-side structural reform, this round of B2V Reform will accomplish the completion of the VAT chain covering all industries including sales of goods, provision of services, sale of intangibles and immovable properties. Besides minimising double taxation, the B2V Reform also facilitates the social division of labour and industrial upgrading and gradually improves the VAT regime to lay foundation for the enactment of the VAT law.

Circular 36 covers all industries and businesses under the B2V Reform. Apart from continuing with the previous B2V measures and adding applicable B2V policies for the remaining Four Industries, it also refines and adjusts the existing B2V pilot policies after considering the result of the previous pilot runs and the features of the remaining Four Industries. Meanwhile, it also provides certain new regulations such as adding immovable property into the scope of creditable VAT item for non-pilot B2V taxpayers (sales of goods, provision of labour services). Therefore, both pilot and non-pilot taxpayers should proactively prepare for the implementation of this final round of B2V reform.

New pilot B2V taxpayers

VAT is much more complicated than BT, in terms of either tax treatment or tax administration,



where taxpayers need to master the requirement of the tax filing mechanism, the VAT return form and VAT invoice management to ensure tax compliance and mitigate the tax risk. Meanwhile, as an important part of the structural tax reduction measures, B2V Reform will play a prominent role in reducing the tax burden of all industries through meticulous policy arrangements. Taxpayers should understand the VAT principles and relevant policies in order to fully enjoy the benefits from the B2V Reform and avoid tax increases that are self-inflicted. As the comprehensive implementation of the B2V Reform will be effective from May 1st, new pilot B2V taxpayers have a very short preparation period. In this regards, we suggest:

- Taxpayers should actively cooperate with the in-charge State Tax Bureau (STB) and prepare for extra work before the B2V Reform, including providing supplementary tax registration information, performing general VAT taxpayer registration, applying for VAT invoices, obtaining appliance for issuing VAT invoices, attending training, record filing for various tax incentives, record filing

for export tax rebate eligibility, obtaining access right to online filing system, etc., and ensuring that the VAT return will be filed on time in June.

- Taxpayers should conduct a comprehensive assessment on the impacts to profit, revenue and cost/expenses brought by the B2V Reform, and analyse the effect of input VAT to cash flow and financing cost. Taxpayers should also adjust the pricing mechanism for products or services, study supplier's profile and improve supplier management.

As the comprehensive implementation of the B2V Reform will be effective 1 May 2016, new pilot B2V taxpayers only have a very short preparation period

- Taxpayers should study the transitional measures and assess the impact on its tax burden. Taxpayers

should also adjust the relevant clauses in commercial contracts based on the detailed B2V Reform policies and consider upgrading the business model accordingly.

- Taxpayers should adjust the work procedure and refine the system, revamp the system to separate price and VAT to meet the accounting requirements under the VAT regime. Taxpayers should also focus on VAT risk control management, adjust the system for matters such as, interconnection between the accounting system and the tax filing and upgraded invoice system, reasonable allocating non-creditable input VAT, etc.

- Taxpayers should modify the turnover tax management procedure, and compile a VAT operating manual brochure to ensure compliance. Taxpayers should also be familiar with the requirement of the upgraded VAT invoice system and properly issue VAT invoices, understand the requirement in obtaining and storing VAT invoices and the time period for claiming input VAT credit so as to ensure that the full amount of input VAT can be claimed.



• Taxpayers should pay close attention to any follow-up measures of the B2V Reform, study the various policy interpretation and detailed implementation rules, and timely analyse the relevant impact and act accordingly.

Existing pilot B2V taxpayers and non-pilot VAT taxpayers

- To pay attention to the adjusted taxable scope of certain services. Taxpayers should precisely determine the taxable service category to ensure the applicable VAT rate is correct and issue the invoices correctly. Meanwhile, taxpayers should estimate the impact of the change in the VAT rate, adjust pricing strategy and business negotiation accordingly and reasonably transfer the VAT burden to its customers.

- Pay attention to concurrent operation and mixed sales. Taxpayers concurrently operating

businesses with different tax rates should separately account for each business in each stage of the business cycle, such as, signing of contracts, bookkeeping and issuing of invoices, etc. so as to avoid the application of the higher tax rate to all businesses. Where a sales transaction involves both the sales of goods and provision of services, VAT would be levied on the full amount either under the tax category of 'sales of goods' or 'provision of services' according to business nature of the taxpayers.

- Claiming of input VAT credit. Taxpayers should be familiar with the new taxable services which are included in the input VAT creditable scope after this round of B2V Reform, understand the creditable purchase items and review the general VAT taxpayer qualification of suppliers. Following that, taxpayers should obtain the valid invoices in a timely manner to claim input VAT credit on time. When purchasing and leasing immovable properties, or

receiving construction services at the beginning stage of this final round of B2V Reform, taxpayers should find out in advance whether the suppliers will elect the transitional policy and estimate the impact to the input VAT amount accordingly. If the suppliers are small scale taxpayers, taxpayers should also adjust the relevant pricing strategy. Taxpayers should also keep an eye on any subsequent detailed implementation rules and filing requirement on claiming input VAT credit for immovable properties in instalments. **B**

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Crafting a Business From a Simple Idea to a Profitable Enterprise



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At NFG, we see a lot of people with problems within their existing companies— manufacturing slowdowns, logistical inefficiencies, budgeting blunders and market-entry difficulties—but the other day we had the pleasure of helping an entrepreneur form his emerging business idea into a solid foundation on which he can grow his company into the future. It’s much easier to do things right from the start than to fix them later. By following a few important steps, we were able to lay the proper groundwork and enable our entrepreneur to concentrate on the bigger challenges of running and growing a new business.

The best business ideas come from asking ourselves a few simple questions. Intellectual curiosity and accidental discovery have led to some of the greatest inventions of our time, with someone simply asking himself, “Isn’t this interesting?” For example, the Post-It Note came about when creator Spencer Silver was trying to make glue but instead created a substance that only barely held paper together.

The question, “Therefore, what?” arises whenever a new trend is spotted or predicted, and the assumed consequences are turned into a business idea. Take for example Instagram, which arose by seeing the trend of smartphones with cameras. By recognising the relationship between photos, the Internet, and our inclination to share, rate and participate, one of the greatest social media innovations was born.

Frustration with the limitations of what’s currently available often leads someone to ask, “Is there a better way?” Ferdinand Porsche once said, “In the beginning, I looked around and, not finding the automobile of my dreams, decided to build it myself.” Steve Wozniak built the Apple I on his belief that computers shouldn’t be the sole domain of the government, a university or a large company. Larry Page and Sergey Brin thought measuring inbound links was a better way to prioritize search results, and thereby began Google.

New innovations don’t always seem to have a place in the market, until a savvy entrepreneur asks, “If it’s possible, why don’t we do it?” The technology for portable phones was first created in the 1970s, but at the time people considered phones to be connected to a place, not to a person. Motorola changed that notion when it created both the mobile phone and the market in which to sell it.

Taking advantage of weaknesses in

the market leader also provide a path for new business ideas. When a leader is committed to a certain way of doing business, they are vulnerable to a competitor introducing a disruptive method. For example, the market leader IBM limited their distribution to authorised resellers. This allowed newly- emerging competitor Dell to enter the market by directly selling its computers. Capitalising on customer dissatisfaction creates new competitors. Take for example the frustration Blockbuster renters

Defining your target market helps reveal your unique value-add for customers, differentiates your product from others available, and narrows your marketing approach

had with returning tapes on time and at the store—this annoyance lead to the creation of Netflix’s original parcel-based business model (though their current iteration may have originated from asking, “Therefore, what?”). Stagnation also creates room for new businesses. When the market leader is busy milking a cash cow, emerging competitors can steal his chickens—this is what

made Microsoft Office susceptible to Google Docs.

New business ideas materialise from the confluence of expertise, opportunity and passion. Expertise is the sum of what you and your founders can do. Honing this fundamental knowledge and ability can create greatness. Opportunity exists in two markets—existing and potential—and as we saw above, there are a few questions you can ask yourself to discover those markets. But mostly, there’s passion, without which businesses cannot flourish. An entrepreneur’s passion for starting a business must be sustainable for the long run because it’s a long process, and not always a fun one.

Successful companies usually arise from the contributions of at least two “soul mates.” If this conjures up the idea of marriage, it should. Businesses and marriages have much in common—daily operations, long-term commitments, a focus on differentiation through small details, strategic agreements. Picking a business partner should be taken as seriously as picking a life partner, if not more seriously, considering that many businesses last considerably longer than marriages.

Business “soul mates” do best when they share the same vision and commitment. Seeing the same picture—the size, the evolution, the



process, the priorities—keeps the partnership and the business strong. Divergent beliefs among partners can cause a fissure in—or the failure of—a company. Consider a founder who wants to sell her share of a company for a quick profit, while her partner is interested in overseeing the long-term growth.

Differences among partners can be a source of strength for a company. Diverse expertise and orientation can add value to a partnership. A start-up needs one person to make the product (Steve Wozniak) and one person to sell it (Steve Jobs). Wozniak's technological skills and Jobs' personal sales skills complemented each other's strengths and weaknesses, and the result was a formidable organization with peerless products. Some people like to focus on details, while others train their eyes on the big picture issues. An effective start-up needs both types of founders to succeed.

While people may later recognise only one founder as the original innovator, it'd be foolish not to realise the team it took to make a new venture possible. Today we associate Thomas Edison with inventing

the light bulb, while in fact he was surrounded by a group of fellow tinkerers—Ludwig Boehm, Charles Batchelor, and John Kruesi. Henry Ford developed the Model T, but only with the help of Wills, Galamb, Farkas, Love, Smith, Degner, and Martin.

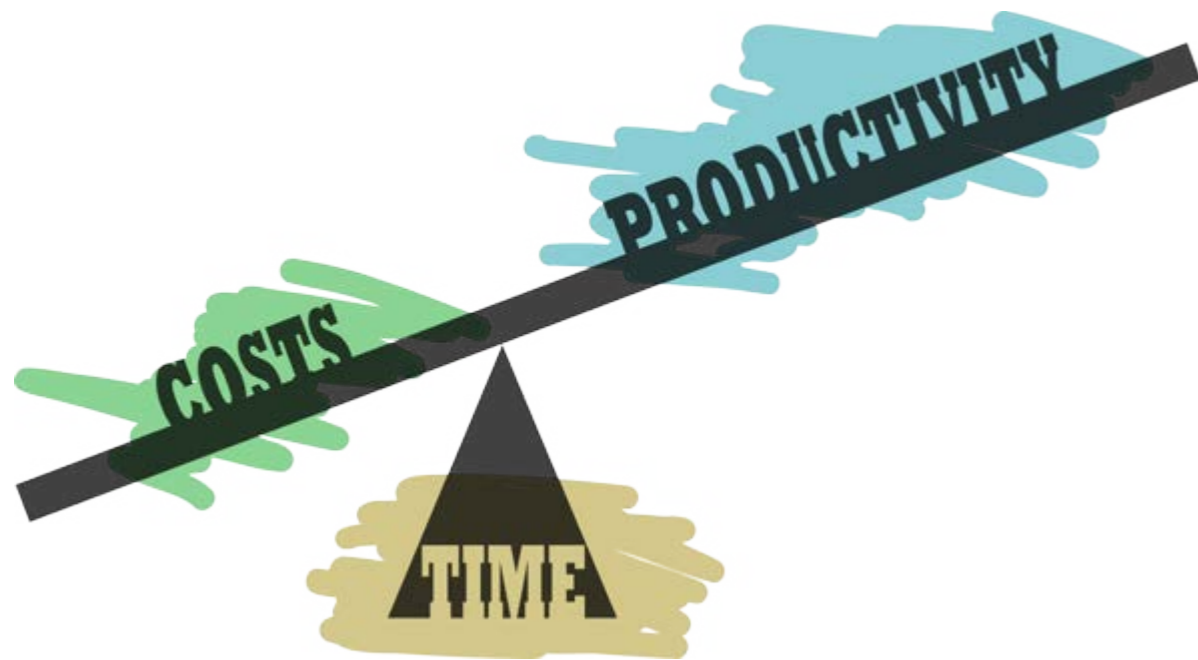
When crafting the beginning stages of your business, you need to keep it simple to stay focused on success and streamline your activities for efficiency and clarity.

Pop quiz: what's the definition of "mantra?" No longer remember your sophomore-year marketing course? A mantra is a short, powerful and memorable statement that defines your business and its purpose. Nike's is "Authentic athletic performance." Disney has "Fun family entertainment." At Etsy, it's "Democratize commerce."

This is not a mission statement, whose text may be much longer and more encompassing. The mantra at Starbucks is "Rewarding everyday moments," while their mission statement reads, "Establish Starbucks as the premier purveyor of the finest coffee in the world while maintaining our uncompromising principles while we grow."

The difference lies in the brevity as well as the flexibility. The length of a mission statement lays out establishing principles and long-term goals. A mantra cuts through to the essence of your company's existence.

At this stage, you'll need to describe and classify your business. To get started, answer two simple questions: who is your target market, and what is your sales mechanism? Defining your target market helps reveal your unique value-add for customers, differentiates your product from others available, and narrows your marketing approach. Defining your sales mechanism may be uncovered while researching target markets, and is where you'll find out how to insure that your revenue exceeds your costs—which, in layman's terms, means make money.



All-in-one simplicity.



Coca-Cola, one of the most recognisable brands and products in the world, follows a multicomponent business model for its famous sugar water—Coke is sold in stores, restaurants, and vending machines worldwide in varying sizes, but is always the same product. Many Internet companies have found success with the "eyeballs" business model, that is, they provide a platform from which interrelated and interdependent information is created, shared and consumed, with profits stemming from advertisements and sponsorships. A similar interdependence business model can be found with products or services that rely on other products for maximization. For example, a HP printer requires ink; Keurig coffee makers require K-cup refills; some software inspires additional purchases of upgrades, add-ons, technical support, or service.

Crafting a successful business model and setting achievable goals are complementary activities for entrepreneurs. Much business success relies on the strength of the MATT

you weave. This business acronym stands for Milestones, Assumptions, Tests and Tasks. Milestones are the important goals that mark significant progress along the road to success, such as initial capital, field-testable version, and cash-flow breakeven point. Assumptions include elements from your earlier marketing questions, such as market size,

The best business ideas come from asking ourselves a few simple questions

prospect-to-customer conversation rate, and length of sales cycle. These aspects give shape to your business model, sales mechanism, and other cost considerations. Yet while you can create a list of assumptions to formulate your business strategy, everything is theoretical until tested, either in the field or in an exploratory capacity. Defining tasks is one key to success for any business, especially in the beginning. Tasks may include recruiting employees, finding

vendors, setting up accounting and payroll systems, or filing legal documents. Every early step can put you in the right direction for later success.

Ultimately, when crafting the early stages of your business, you need to keep it simple to stay focused on success and streamline your activities for efficiency and clarity. You will face hundreds of decisions during the start-up process, and there's often a temptation to optimize each one of them. However, it's best to focus your energy and attention on milestone issues. Stay flexible and stick to your MATT in order to keep things clean and simple. **E**

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The Sino-Singapore Tianjin Eco-City Ecological Theme Park

By Richard J. Cook

Following on from the huge South Bay Waterfront development program covered in the last edition, Sino-Singapore Tianjin Eco-City has made headlines yet again and is to receive a further boost with a major environmentally friendly theme park. The announcement of the 2.86billion RMB Yi Li Ecological Theme Park comes as speculation was mounting over certain development sites in close vicinity to the South Bay Waterfront program. Hints had been dropped previously due to a pro-green lifestyle campaign being pushed by the local government. The theme

park is expected to be the flagship for the go-green movement that these developments are expected to create. In conjunction with the South Bay Waterfront development these projects are also expected to kick start the ecotourism sector in Tianjin. The park will open up systematically, with the first opening in 2018, followed by a new section of the park every year until the final completion date in 2020.

Getting people away from the hustle-bustle city life and helping people have the ability to reconnect with nature has topped recent

agendas. Combating inner-city stresses and being able to provide open outdoor green space is key for the idea or concept of a modern city.

Theme Park

The colossal 160-hectare theme park will consist of multiple venues and genres but all relate back to green life style in some way or form. Of the 160 hectares, 118 hectares will be devoted to lakes, inlets and wetland, whilst 42hectares will consist of three islands and shore land. The first of the three islands will be host the ecological theme park and an education center aimed at promoting

green life style awareness. The second island will be a recreational spot consisting of a children's adventure theme park and special areas for water enthusiasts to take to the lakes, intended to ignite interest in water sports and the great outdoors. The third island will be devoted to a spa and hot spring, primarily a with a getaway focus.

The general goal of the project is intended to illustrate a new lifestyle to visitors, with the intention that it will make some sort of impact on their routine. In the world's second largest economy and with the worlds largest national population, encouraging a green and resourceful lifestyle is becoming a major issue. Wasteful consumer behavior may well spell further ecological disasters, which the country has been ridiculed on in the past decade.

Going for Gold

Who always tops the Olympic medal table? If you didn't know, it's China. However, if you look at a medal tables more closely, water sports isn't China's strong point. As a part of a new government plan to tackle this, watersports has received generous funding over the past few years. Furthermore, in relation to this, a whole range of ecological themed water parks has been designed up and down the country. China's rigorous Olympic training programs are renowned for their ability to deliver gold medal caliber athletes, yet the process of training these athletes starts a very young age. These new ecological themed parks, such as the South Bay Waterfront project are aimed at attracting, identifying and training a new generation of athletes to compete in major water sports such as rowing, sailing etc. This comes at a time where China has only recently taken similar efforts to mentor a new generation of football enthusiasts and stars. Countless infrastructure developments over the past few years have left major

cities with state of the art footballing facilities and colossal stadiums. However, many of these stadiums suffer from low-mediocre attendance levels as well as poor quality football. A similar trend may well be expected for the future of watersports in China, but Rome wasn't built in a day.

Yi Li Ecological Theme Park has the potential to be a catalyze to promote the emerging high-end Ecotourism sector.

Emerging Market

Tianjin development authorities have turned up the heat in the past 10 years and have been internationally recognized for it's zealous commitment to establishing a major green area in the region. This further 2.86billion RMB is another hefty price tag to stand with the rest.

The rise of the Internet and telecommunications has left many alienated from the outdoors. The local government is keen to rectify this imbalance. Multiple schemes are sprouting across the globe to tackle this, however none can rival the intensity and sheer scale of what China is doing. Ecotourism is now regarded as a serious emerging

market aimed to bring balance back into the stresses of urban life. China is aiming to capitalize on its vast open spaces whilst utilizing its rich cultural and traditional heritage, which is closely bonded to aspects of nature. However, this isn't just for urban dwellers seeking a weekend retreat. The close proximity to the Binhai economic area (TEDA) represents a "Central Park" feel to the surrounding urban belt.

The New Tianjin Eco-City Tourism Bureau associate investigator Zhang Kun has stated that the Yi Li Ecological Theme Park project will be a leading project for the New Binhai Area. "Yi Li Ecological Theme Park has the potential to be a catalyze to promote the emerging high-end Ecotourism sector. Tianjin and Binhai has significant potential to deliver many multilevel features to provide growing demand in this sector, especially for the urbanites of Beijing and Tianjin-Binhai". Furthermore, upon completion of the project, it is expected that the Yi Li Ecological Theme Park will become one of the primary image for Tianjin's pitch in the international tourism market. 

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Soft Opening

@ Ascott TEDA MSD Tianjin

The Ascott Limited (Ascott), lauched the soft opening for Ascott TEDA MSD Tianjin on 28th of March. Being the first Ascott-branded serviced residence in Tianjin, Ascott TEDA MSD will provide award-winning living standards. As the first brand new serviced residence in Binhai New Area to meet international construction standards, Ascott TEDA MSD is devoted to provide modern services to improve service standards in the district.

Ascott TEDA MSD Tianjin strategically situated in the heart of Tianjin Economic-Technological Development Area (TEDA) is one of the earliest national development areas. It is also a significant part of the Modern Service District (TEDA MSD).

With comprehensive choices of business, medical, shopping, dining, entertainment and relaxation within and around MSD, you can be guaranteed a top-quality lifestyle there. You can enjoy a vibrant location that is 6-minute walk to the metro which conveniently brings you to Tianjin downtown. It takes 45 minutes to Beijing via intercity high-speed rail and 40-minute drive to the Tianjin Binhai International Airport.

Ascott TEDA MSD is a collection of 5 blocks which offers 224 units covering studios, one- and two-bedroom premier apartments, as well as public amenities. A studio and a two-bedroom apartment can be connected into a three-bedroom apartment to offer a larger area. Each elegant and luxurious apartment features a fully-equipped kitchen, spacious living and dining areas, and quality family entertainment system to make a comfortable home. The 24-hour heightened security services and closed-circuit TV surveillance ensure ultimate security. With the availability of a meeting and VIP rooms, high-speed internet access and business support service, Ascott TEDA MSD provides an efficient work environment to meet your business needs. The well-equipped gymnasium, aerobic room, sauna, indoor heated swimming pool, children's

playroom and mini theatre will take good care of you and your family.

As the only brand new serviced residence to meet international standards in the district, ATMT is now ready to welcome guests in Tianjin. Bringing more than 30 years of experience and serviced residences in over 27 cities globally, situated in the heart of Tianjin Economic-Technological Development Area with an all-new environment and collaboration with TEDA MSD, the residence will bring you a living experience with international standards.



Inaugural WellingTEN Talk

@ Wellington College International

In celebration of its fifth anniversary, Wellington College International Tianjin – the first overseas partner school of the prestigious Wellington College in the UK, held its inaugural WellingTEN Talk. Having launched in the international school's sister College in Shanghai, this series of talks was successfully held in front of a captive audience of pupils, parents and educators.

Panelists for the WellingTEN talk included Mr. Julian Thomas, Master of Wellington College in the UK, Madame Kang Xiuyan, Director of Tianjin Nankai Xiangyu School Group and 6th Principal of Tianjin Nankai Middle School, Dr. Kang Sungbong, Headmaster of the Tianjin Korean International School and Mr. Michael Higgins, Master of Wellington College International Tianjin. Sharing a wealth of experience in international education, the panel discussed the topic 'Educating for the Future', offering insight and opinion on which skills are the most beneficial for success in a complex global environment.

Speaking on the achievements of pupils at the College in Tianjin, Mr. Michael Higgins, The Master, said: "Since our first cohort of senior school graduates, our pupils have continued to gain offers from some of the world's top universities. With offers in 2016 from Cornell, UC Berkeley and University College London, we are proud to say that the College currently has a 100% success rate for pupils gaining acceptance to universities, we have quickly gained the reputation amongst higher education institutions for being a breeding ground of academic talent."

Further expanding on equipping pupils with the skills necessary for facing 21st century challenges, Thomas shared the following: "Our Mission Statement and Values are based on the fundamental belief that all pupils can achieve, succeed and thrive, and it is therefore the goal of everyone within the College to ensure we provide pupils with every opportunity in allowing this to happen. We recognise that – whilst a pupil's academic performance must always remain central, it is responsibility, respect of others and the building of self-esteem that is of key importance to success during adulthood. Paying constant attention to the all-round development of an individual in accordance with our Eight Aptitudes – which includes Moral and Spiritual, Cultural and Physical, Logical and Linguistic, Social and Personal, we attach great importance to the development of personality both inside and outside of the classroom. Acquiring knowledge from all areas is crucial to the all-round development of our pupils."



Mr. Michael Li

Director of Sales and Marketing
The Sheraton Tianjin Binhai

Sheraton Tianjin Binhai Hotel is delighted to announce the appointment of Michael Li as Director of Sales & Marketing.

Mr. Michael Li will be responsible for driving the overall marketing strategy for both rooms and banquet sales, and overseeing the daily operations of Sales, Event Management and Marketing Communications. Maximizing total hotel revenue and market share, along with optimizing profit return.

Michael started his career in the hospitality industry in 2006. With 10 years of experience in the hospitality industry, he has accumulated experience in the sales area. Michael has ever been Director of Sales in Westin Beijing Financial Street and later worked for Four Points Sheraton Langfang Guan Hotel as Acting Director of Sales & Marketing later.

With his extraordinary working experience and expertise in the hospitality industry, we are convinced that Michael will definitely continue to make Sheraton Tianjin Binhai Hotel “The World’s Gathering Place” for both business and leisure travelers.



Mr. Sam Sun

Director of Human Resources
Hyatt Regency Tianjin East

Mr. Sam Sun has been appointed Director of Human Resources of Hyatt Regency Tianjin East. A graduate of the Hotel and Tourism College in Singapore, he started his career in the hospitality industry in 2003 at M Hotel Singapore as a corporate trainee. In 2011, he joined Hyatt as the Learning and Development Manager at the Hyatt Regency Qingdao and then as the Human Resources Manager in the Hyatt China Office, where he did an excellent job in supporting the opening of Grand Hyatt Shenyang, Park Hyatt Changbaishan and Hyatt Regency Changbaishan. Prior to his new assignment, Sun was the Director of Human Resources at the Grand Hyatt Lijiang.

“It gives me great pleasure to join Hyatt Regency Tianjin East. Hyatt is like a family which care for everyone to be their best. I would like to cordially work with everyone to continue delivering our Hyatt Care, in order to provide a greater Hyatt experience for our associates” Sun said.



Past Events:

Tianjin Position Paper presented to EU Ambassador 22.03.2016



Dr. Christoph Schrempp, the chairman of European Chamber Tianjin Chapter presented Tianjin Position Paper to the EU Ambassador H.E Schweisgut on 22nd March, 2016. During the meeting, Dr. Schrempp briefly introduced the six key recommendations and launch event held on 3rd March, 2016, they had a discussion on Jing-Jin-Ji Integration and Tianjin’s recent development. Furthermore, he also introduced the first education forum roundtable to Ambassador Schweisgut.



Joint Executive Breakfast: Mastering the challenge under Big Data era Innovate while improving profitability and efficiency 22.03.2016

When Big Data meets China market, how enterprises differentiate in a market of global reforms and growing competition, achieve operational excellence while complying with increasing regulatory requirements and increase customer satisfaction and loyalty become an essential challenge. Mr. Sune Anderson, the General Manager of NNIT, has brought a presentation on how to “Mastering the challenge under Big Data era: Innovate while improving profitability and efficiency”. A comprehensive and industry-specific solution portfolio to support top performance was focused.



Factory Visit: Novo Nordisk (China) Pharmaceuticals 24.03.2016



Following the breakfast briefing event on “Mastering the challenge under Big Data era: Innovate while improving profitability and efficiency” co-organized with our member company NNIT, the European Chamber Tianjin Chapter successfully organized a visit to Novo Nordisk plant in TEDA, allowing attendees to get a better understanding on how IT optimizes Novo Nordisk’s production process through presentations and on-site exchanges during the factory tour.

F&T Seminar: Recent Business Tax to VAT transformation and 2015 Annual CIT filing 01.04.2016

Following up the announcement of the expansion on VAT reformation, the European Chamber invited Tax experts from PwC to share their interpretation on the regulations, meanwhile, to elaborate on the common issues encountered during annual CIT filing for the year of 2015.



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

Past Events:

AmCham China, Tianjin HR Series Kick-off Event Legal Issues of Employment Termination under the Labor Contract Law 8.04.2016, Tangla Hotel Tianjin

AmCham China, Tianjin launched a new event series for HR professionals in the afternoon of April 8th at the Tangla Hotel Tianjin.

Named "HR Professionals Café", this new event series was kicked off by Ms. Ling Yang, Partner and Lawyer at ChenYi Law Firm. Ms. Yang talked about the problems in our daily work that looked like simple but could become the sources of legal disputes, such as establishing labor relations, employee performance and employment termination. She also shared her experience about how to lay off employees legally, as well as the legal issues around non-compete clauses.

The "HR Professionals Café" will be held on a quarterly basis and the next one will take place in June. We welcome all suggestions and feedback as we continue developing this series.



Women's Professional Committee (WPC) Executive Lunch 31.03.2016, the Westin Tianjin



AmCham China, Tianjin welcomed Ms. Cathy Yan as the guest speaker of March's Women's Professional Committee lunch on March 31.

Cathy Yan, General Manager of Corporate & Government Affairs of PPG Industries Asia Pacific, was recently named one of the "2015 Top 10 Outstanding Women Professionals of the Coating Industry." During the luncheon, Cathy talked about her legendary working experience with PPG Industries Tianjin Company since 1997 and how she became the highest decision-maker for government affairs for PPG Industries Asia Pacific from an HR and Admin manager in just 11 years. She also shared her experience of how she balanced her life and work.

Ladies enjoyed both the lesson and the terrific Chinese cuisines provided by the Westin Tianjin. The Tianjin Women's Professional Committee will continue to combine networking with lessons in culture and business with more events this year.

Upcoming Events:

Binhai New Area Exclusive Tour & American Business in China White Paper Delivery Meeting & 2016 AmCham China Tianjin Government Appreciation Reception

Date: May 5th **Time:** 13:00-20:30 **Venue:** Binhai New Area and Renaissance Tianjin TEDA Convention Centre Hotel

AmCham China, Tianjin will be hosting a series of events on May 5 to help members better understand the opportunities in Tianjin and make the connections needed to succeed. The activities include a Binhai New Area Exclusive Tour followed by a delivery meeting for our annual White Paper, and culminating with the 2016 Government Appreciation Reception.

The White Paper is one of AmCham China's signature products and codifies members' collective insights on China's current business climate while setting our official position on the high-priority issues that affect the American business community in China. It also serves as a year-on-year assessment of the progress made on policies and regulations affecting our members in 20 industries and is a key platform for discussion and engagement with the Chinese and US governments.

The delivery meeting and reception is the signature event for Tianjin chapter to create meaningful dialogue with the Tianjin Government as well as other key stakeholders important to us. We have selected this year to engage directly with the Binhai New Area Government.



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:

Mini Workshop – Intercultural Training 25.03.2016

Around 20 people from different countries joined the Cross Cultural Mini Workshop on March 25, 2016 at the offices of the German Chamber of Commerce Tianjin. Katrin Schmid introduced interesting facts and theories about Cultural dimensions and the Iceberg model as a foundation. Following the objective to increase awareness of the own cultural values, she actively mixed small groups together and asked participants to attend on different cross cultural games. All participants were involved by a very lively discussion in small groups and shared their conclusions.



Interchamber Breakfast Seminar – The World of Wechat – Techniques for Business 13.04.2016

The Interchamber Seminar facing "The World of WeChat: Techniques for Business" attracted more than 30 participants. Mr Matthew Brennan talked about recent developments in China and Western countries, then presented several practical examples of advanced features and options. The use of Wechat is a current topic which let the audience gain an insight into actionable tips how to use WeChat for business appropriately and how to avoid any pitfalls, e.g. focusing more on service instead of too much content. Also, he remarked that the WeChat behavior is changing, especially in second-tier cities as people add business connections on WeChat and chat as a way to maintain relationships instead of exchanging business cards. This informative presentation was followed by a very dynamic questions and answer session which led everyone to join in a WeChat group.



Upcoming Events:

Annual German Chamber Reception

Date: May 5th **Time:** 18:30-21:00 **Venue:** The St. Regis Hotel Tianjin

Interchamber-Afternoon Seminar – Trademarks and Patents

Date: May 11th **Time:** 14:30 – 17:00 **Venue:** The Astor Hotel Tianjin

Historical City Tour in Tianjin

Date: May 14th **Time:** 9:30-14:00

Venue: Meeting at the West end of the liberation bridge (Exit of the Jinwan Guang Chang Station of subway line 3)

Special Event, German Night

Date: May 20th **Time:** 19:00-0:00 **Venue:** Drei Kronen 1308 Brauhaus Tianjin

Kammerstammtisch Tianjin

Date: May 25th **Time:** 19:00 – 20:00 **Venue:** Drei Kronen 1308 Brauhaus Tianjin

Breakfast Briefing Seminar – Sozialversicherungen, Einkommenssteuer und private Vorsorge für deutsche Expats

Date: May 27th **Time:** 7:30-9:00 **Venue:** tbc

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

DINING

TIANJIN

Chinese

China Station

A: 2F, Radisson Plaza Hotel Tianjin
No. 66, Xinkai Lu, Hedong District
T: +86 22 2457 8888
中国站
河东区新开路66号天津天诚酒店2层

Fortune Restaurant

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



Qing Wang Fu

A: No. 55, Chongqing Road
Heping District
T: +86 22 8713 5555
+86 22 5835 2555
E: info@qingwangfu.com
W: qingwangfu.com
庆王府
和平区重庆道55号

Riverside Chinese Restaurant

A: 3F, Holiday Inn Tianjin Riverside
Phoenix Shopping Mall
East Haihe Road, Hebei District
T: +86 22 2627 8888 ext. 2211
海河轩中餐厅
河北区海河东路凤凰商贸广场
天津海河假日酒店3楼

Tian Tai Xuan

A: 1st and 2nd Floor, The Ritz-Carlton, Tianjin, No. 167 Dagubei Road, Heping District, Tianjin
T: +86 22 5809 5098
天泰轩中餐厅
和平区大沽北路167号天津丽思卡尔顿酒店一楼和二楼

Japanese

Café Vista

A: 1F, Wanda Vista Tianjin, 486 Bahao Road, Da Zhi Gu, Hedong District
T: +86 22 2462 6888
美食汇全日餐厅
河东区大直沽八号路486号天津万达文华酒店一层

Kasumi

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

Kushi Grill

A: 2F, Radisson Blu Plaza Hotel Tianjin
No. 66, Xinkai Lu, Hedong District
T: +86 22 2457 8888
串烧
河东区新开路66号天津天诚酒店2层

Seasonal Tastes

A: 1F, 101 Nanjing Road, Heping District
T: +86 22 2389 0168
知味全日餐厅
和平区南京路101号一层

Seitaro

A: Sheraton Hotel Tianjin
Zi Jin Shan Lu, Hexi District
T: +86 22 2731 0909
清太郎日本料理
河西区紫金山路喜来登大酒店

SôJû

A: 49F, Tangla Hotel Tianjin, No.219 Nanjing Road, Heping District
T: +86 22 2321 5888 ext.5106
思创
南京路219号天津唐拉雅秀酒店49楼

Thai

YY Beer House

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

Pattaya

A: 33 Shengli Lu, Italian Style Street, Hebei District
T: +86 22 2445 8789
芭堤雅泰国餐厅
河北区意式风情街胜利路33号

Western

Cholito Spanish Cuisine and Bar

西班牙餐厅&酒吧
One of the best Spanish restaurants in the city. Try lunch and dinner sets.
A: Crossing of Hebei Lu and Luoyang Dao, Heping District
地址：和平区五大道河北路与洛阳道交口
T: +86 22 5835 2833

Le Loft院

Good place to meet friends. French cuisine, wine and great atmosphere.
A: Cross of Nanjin Lu and Jinzhou Dao, Heping district 地址：和平区南京路与锦州道交口
T: +86 22 2723 9363, +86 18702200612

Maxim's De Paris

One of the world's best French restaurant features classic and modern French dishes.
A: No.2 Changde Dao, Heping District 地址：和平区常德道2号
T: +86 22 2332 9966

Piazza Bianca 比安卡意大利餐厅

Great choice of Italian cuisine and pizza.
A: No.83 Chongqing Lu, Min Yuan Stadium, Heping District地址：和平区重庆道83号民园体育场内
T: +86 22 8312 2728

Café@66

A: 1F, Radisson Blu Plaza Hotel Tianjin, No. 66, Xinkai Lu, Hedong District
T: +86 22 2457 8888
咖啡66
河东区新开路66号天津天诚酒店1层

Churchill Wine & Cigar Bar

A: 1F, Wanda Vista Tianjin, 486 Bahao Road, Da Zhi Gu, Hedong District
T: +86 22 2462 6888
丘吉尔红酒雪茄吧
河东区大直沽八号路486号天津万达文华酒店一层

Texas BBQ Saloon

A: Units 115 and 128, Central Avenue, Building C7, Magnetic Plaza, Nankai District
T: +86 22 8713 5555
+86 182 0258 9904 (English)
+86 182 0258 9924 (Chinese)
德克萨斯风味烧烤西餐酒吧
南开区奥城商业广场C7座115-128

Prego Italian Restaurant

A: 3F, 101 Nanjing Road, Heping District
T: +86 22 2389 0173
Prego意大利餐厅
和平区南京路101号三层

Qba - Latin Bar & Grill

A: 2F, 101 Nanjing Road, Heping District
T: +86 22 2389 0171
Q吧 - 拉丁酒吧&烧烤
和平区南京路101号二层



Bistro Thonet

A: No.55 Chongqing Road, Heping District
T: +86 22 8713 5555
E: info@qingwangfu.com
W: qingwangfu.com
庭悦咖啡
和平区重庆道55号庆王府院内



Brasserie Flo Tianjin

A: No.37, Guangfu Road
Italian Style Town, Hebei District
T: +86 22 2662 6688
福楼
河北区意大利风情区光复道37号

1863 Bistro & Terrace

A: 1F Astor Wing, The Astor Hotel, A Luxury Collection Hotel, Tianjin No. 33, Tai'er Zhuang Lu Heping District
T: +86 22 2331 1688 ext. 8918
1863别致西餐厅&花园
利顺德翼, 和平区台儿庄路33号天津利顺德大饭店豪华精选酒店一层

Café Majestic

A: 1F Haihe Wing, The Astor Hotel, A Luxury Collection Hotel, Tianjin No. 33, Tai'er Zhuang Lu, Heping District
T: +86 22 2331 1688 ext. 8910
凯旋咖啡厅
海河翼, 和平区台儿庄路33号天津利顺德大饭店豪华精选酒店一层

Café Venice

A: 2F, Holiday Inn Tianjin Riverside
Phoenix Shopping Mall
East Haihe Road, Hebei District
T: +86 22 2627 8888 ext. 2271
威尼斯咖啡厅
河北区海河东路凤凰商贸广场
天津海河假日酒店2楼

Glass House

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

DINING



Pan Shan Grill & Wine

A: 2F, Main Building
Sheraton Hotel Tianjin
Zi Jin Shan Lu, Hexi District
T: +86 22 2731 3388 ext.1820
盘山葡萄酒扒房
紫金山路天津喜来登大酒店主楼2层

Promenade Restaurant

A: 1F, The St. Regis Tianjin
No. 158, Zhang Zizhong Road
Heping District
T: +86 22 5830 9959
河岸国际餐厅
和平区张自忠路158号天津瑞吉金融街酒店一层(津塔旁, 哈密道正对面)



Riviera Restaurant

A: 1F, The St. Regis Tianjin. No. 158, Zhang Zizhong Dao, Heping District
T: +86 22 5830 9962
蔚蓝海餐厅
和平区张自忠路158号天津瑞吉金融街酒店一层

Spectrum All-Day Dining

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

Mighty Deli (South Park Store)

A: No. 85-87, Shuishang Gongyuan West RD, Nankai, Tianjin (opposite to Nancuijing Park) 南开区水上公园西路85-87号南翠屏公园对面
T: +86 22 8783 9683
(Somerset Store)
A: 5F, Somerest Youyi, Pingjiang Dao, Hexi District
天津市河西区平江路盛捷服务公寓5层
T: +86 22 2810 7747

Zest

A: 1st Floor, The Ritz-Carlton, Tianjin, No. 167 Dagubei Road, Heping District, Tianjin
T: +86 22 5809 5109
香溢 - 全日餐厅
和平区大沽北路167号天津丽思卡尔顿酒店一楼



Inasia Restaurant

(Olympic Stadium Store)
A: 4F, A-Hotel, Olympics Gym, Nankai District, Tianjin 天津市南开区水滴体育馆A-Hotel四楼
T: +86 22 2382 1666/2233
(Somerset Store)

Bars

China Bleu

A: 50F, Tangla Hotel Tianjin, No. 219 Nanjing Lu, Heping District
T: +86 22 2321 5888
中国蓝酒吧
南京路219号天津唐拉雅秀酒店50层

O'Hara's

A: Astor Wing, The Astor Hotel, A Luxury Collection Hotel, Tianjin No. 33, Tai'er Zhuang Lu Heping District
T: +86 22 2331 1688 ext. 8919
海维林酒吧
利顺德翼, 和平区台儿庄路33号天津利顺德大饭店豪华精选酒店一层

The St. Regis Bar

A: 1F, The St. Regis Tianjin. No. 158 Zhang Zizhong Road, Heping District
T: +86 22 5830 9958
瑞吉酒吧
和平区张自忠路158号天津瑞吉金融街酒店一层
(津塔旁, 哈密道正对面)

SERVICES

Purple Bar

A: 2F, Radisson Blu Plaza Hotel
Tianjin
66 Xinkai Road, Hedong District
T: +86 22 2457 8888 - 3278
葡吧
河东区新开路66号
天津天诚酒店2层

Flair

A: 1st Floor, The Ritz-Carlton,
Tianjin, No. 167 Dagubei Road,
Heping District, Tianjin
T: +86 22 5809 5099
Flair酒吧
中国天津市和平区大沽北路167号
天津丽思卡尔顿酒店一楼

WE Brewery

A: 4 Yi He Li, Xi An Road
Heping District, Tianjin
T: +86 18630888114
W: www.webrewery.com

Education

University of Maryland Robert H. Smith School of Business
China Leadership EMBA Program

A: 2505-A CITIC Building, 19 Jianguomenwai Street Beijing
T: +86 10 6500 3930
E: Beijing@rhsmith.umd.edu
W: rhsmith-umd.cn
马里兰大学史密斯商学院中国领导力EMBA项目
北京市朝阳区建国门外大街19号国际大厦2505-A

HOPELAND INTERNATIONAL KINDERGARTEN

W: hik.cn
E: hik@hik.cn

Hopeland international kindergarten Meijiang Campus

解放南路西侧环岛东路7号
A: No. 7 Huandao East Road,
West side of Jiefang South Road,
Tianjin
T: +86 22 5810 7777

Hopeland international kindergarten Shuishang Campus

卫津南路霞光道46号
A: No. 46, Xiaguang Street, Weijin South Road, Tianjin
T: +86 22 2392 3803

华兰国际幼稚园 (海逸园)

Hopeland international kindergarten Haiyi Campus
梅江湾翠波路5号
A: No. 5 Cuibo Road, Meijiang Bay, Tianjin
T: +86 22 6046 2555

Jeff's House Kindergarten

Welcome to my house. We will play, learn and grow together. We are a family. We and our parents will all be the masters.
A: No. 77, Munan Dao, Heping District
T: +86 22 2331 0236/0636
W: jeffhouse.net
杰夫幼稚园
和平区睦南道77号(近河北路)



SmartKidz International Tianjin

A: 5F, Building C, He Zhong Building, You Yi Bei Lu, Hexi District
T: +86 186 2230 2923(English)
+86 186 22303272(English)
+86 186 2235 9571(Chinese)
+86 186 2230 3926(Chinese)
E: thai.enc_cn@yahoo.com
WeChat: SmartKidz TJ
W: Smartkidz-tj.com

SmartKidz International School

Fax: +86 22 8386 0969
天津童慧国际学校
河西区友谊北路合众大厦C座5层

International Schools



International School of Tianjin

A: Weishan Lu, Jinnan District
T: +86 22 2859 2001
国际学校天津分校
津南区津南微山路

Tianjin International School

A: No.4-1, Sishui Dao, Hexi District
T: +86 22 8371 0900 ext. 311
天津国际学校
河西区泗水道4号增1



SERVICES

Hotels

★★★★★ Hotels

Hyatt Regency Jing Jin City Resort & Spa

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



Renaissance Tianjin Lakeview Hotel

A: No. 16, Binshui Dao, Hexi District
T: +86 22 5822 3388
万丽天津宾馆
河西区滨水道 16 号



Banyan Tree Tianjin Riverside

A: No. 34, Haihe Dong Lu, Hebei District, Tianjin
T: +86 22 5883 7848
www.banyantree.com
天津海河悦榕庄
河北区海河东路 34 号



Hotel Indigo Tianjin Haihe

A: No.314 Jiefang South Road, Hexi District, 300202, Tianjin
T: +86 22 8832 8888
F: +86 22 8832 6868
天津海河英迪格酒店
中国天津市河西区解放南路 314 号



HYATT REGENCY TIANJIN EAST

A:126 Weiguo Road, Hedong Dist. Tianjin, 300161
T: + 86 22 2457 1234
F: +86 22 2434 5666
W: tianjin.regency.hyatt.com
天津帝旺凯悦酒店
天津市河东区卫国道 126 号

Shan Yi Li Boutique Hotel

A: No.55 Chongqing Road, Heping District.
T: +86 22 87135555
E: info@qingwangfu.com
山益里精品酒店
中国天津市和平区重庆道 55 号



Hotel Nikko Tianjin

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



The Ritz-Carlton, Tianjin

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



Tangla Hotel Tianjin

A: No. 219, Nanjing Lu, Heping District
T: +86 22 2321 5888
天津唐拉雅秀酒店
和平区南京路 219 号



Yi Boutique Luxury Hotel Tianjin

A: No. 52-54, Min Zu Road, Hebei District
T: +86 22 2445 5511
天津易精品奢华酒店
河北区民族路 52-54 号



Sheraton Tianjin Hotel

A: Zi Jin Shan Lu, Hexi District
T: +86 22 2731 3388
天津喜来登大酒店河西区紫金山路



Holiday Inn Tianjin Riverside

A: Phoenix Shopping Mall Haihe Dong Lu, Hebei District
T: +86 22 2627 8888
天津海河假日酒店
河北区海河东路凤凰商贸广场



Holiday Inn Tianjin Aqua City

A: No. 6, Jieyuan Dao, Hongqiao District
T: +86 22 5877 6666
天津水游城假日酒店
红桥区芥园道 6 号



The St. Regis Tianjin

A: No. 158, Zhangzizhong Road Heping District
T: +86 22 5830 9999
天津瑞吉金融街酒店
和平区张自忠路 158 号 (津塔旁, 哈密道正对面)



The Astor Hotel, A Luxury Collection Hotel, Tianjin

A: No. 33, Tai'er Zhuang Lu, Heping District
T: +86 22 5852 6888
天津利顺德大饭店豪华精选酒店
和平区台儿庄路 33 号

THE WESTIN TIANJIN

天津君隆威斯汀酒店

The Westin Tianjin

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



Wanda Vista Tianjin

A: 486 Bahao Road, Da Zhi Gu, Hedong District, Tianjin 300170
T: +86 22 2462 6888
F: +86 22 2462 7000
天津万达文华酒店
中国天津市河东区大直沽八号路 486 号

Radisson Blu Plaza Hotel Tianjin

A: No. 66, Xinkai Lu, Hedong District
T: +86 22 2457 8888
天津天诚酒店
河东区新开路 66 号

Serviced Apartments

Astor Apartment

A: No. 32, Tai'er Zhuang Lu Heping District
T: +86 22 2303 2888
利顺德公寓
和平区台儿庄路 32 号

PAN PACIFIC TIANJIN HOTEL

A: No. 1 Zhang Zi Zhong Road, Hong Qiao District
T: +86 22 5863 8888
E: infor.pptsn@panpacific.com
天津泛太平洋酒店
中国天津红桥区张自忠路 1 号

Sheraton Apartment

A: Zi Jin Shan Lu, Hexi District
T: +86 22 2731 3388
喜来登公寓
河西区紫金山路



Ascott TEDA MSD Tianjin

A: No.7 Xincheng West Road, Tianjin Economic-Technological DevelopmentArea, Tianjin
中国天津市经济技术开发区新城西路 7 号
T: +86 22 5999 7666



Somerset International Building Tianjin

A: No. 75, Nanjing Lu Heping District
天津盛捷国际大厦服务公寓
和平区南京路 75 号
T: +86 22 2330 6666

Somerset Olympic Tower Tianjin

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

Somerset Youyi Tianjin

A: No. 35, Youyi Lu, Hexi District
天津盛捷友谊服务公寓
河西区友谊路 35 号
T: +86 22 2810 7888



Ariva Tianjin Binhai Serviced Apartment

A: No. 35 Zi Jin Shan Road, Hexi District
T: +86 22 5856 8000
F: +86 22 5856 8008
www.stayariva.com
滨海·艾丽华服务公寓
天津市河西区紫金山路 35 号



The Lakeview, Tianjin-Marriott Executive Apartments

A: No. 16, Binshui Dao, Hexi District
T: +86 22 5822 3322
天津万豪行政公寓
河西区滨水道 16 号



Fraser Place Tianjin

A: No. 34 Xing Cheng Towers Ao Ti Street, West Weijin South Road, Nankai District
T: +86 22 5870 2351 (pre - opening office)
T: +86 22 5892 0888 (From 1st October 2015)
E: sales.tianjin@frasershospitality.com
天津市招商辉盛坊国际公寓
南开区卫津南路西侧奥体道星城 34 号楼

Real Estate

CBRE Tianjin

A: 42F, Units 12 & 13, Tianjin World Financial Centre Office Tower, No. 2 Dagubei Road, Heping District.
T: +86 22 5832 0188
W: cbr.com.cn
世邦魏理仕天津分公司和平区大沽北路 2 号天津环球金融中心津塔写字楼 42 层 12-13 单元



Jones Lang LaSalle

A: Unit 3509, The Exchange Mall Tower 1, No.189 Nanjing Road, Heping District.
T: +86 22 8319 2233
W: joneslanglasalle.com.cn
仲量联行天津分公司
天津市和平区南京路 189 号津汇广场 1 座 3509 室

Associations

TICC (Tianjin International Community Centre) Association

Association and meeting place for foreign passport holders and their families in Tianjin. Organises monthly coffee mornings, luncheons and social/fundraising events, supporting local charities.
E: ticc_09@hotmail.com
W: tianjin.weebly.com

SERVICES

HEALTH



Tianjin United Family Hospital

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



Women's and Children's Specialized Health

A: No.21,ShuiShangGongYuan East Road,Nankai District
T: +86 22 5898 2012
400 10000 16
W: amcare.com.cn
美中宜和医疗集团天津美中宜和妇儿医院
南开区水上公园东路 21 号

Arrail Dental Tianjin International Building Clinic

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

Gyms

Powerhouse Gym

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

Leo GYM

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

Hospitals



International SOS Tianjin and TEDA Clinics

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

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

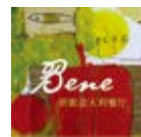
A: 2F, Sheraton Tianjin Binhai Hotel
No. 50, 2nd Avenue, TEDA
T: +86 22 6528 8888 ext. 6220/6222
采悦轩中餐厅
开发区第二大街 50 号天津滨海喜来登酒店 2 层

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 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@hilton.com
W: tianjinecocity.hilton.com
天津生态城世茂希尔顿酒店
天津市中新生态城动漫中路 82 号

Apartments



TEDA, Tianjin - Marriott Executive Apartments

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

HEALTH

Spas

Touch Spa

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

Yue Spa

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

Hospitals



Tianjin TEDA International SOS Clinic

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

Gyms

Eco-City International Country Club

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

Holiday Inn Binhai Hotel Fitness Centre

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

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

BULLET (C) TRAIN

TJ ~ BJS (¥55 - ¥66)

Train	Tianjin	Beijing
C2002	06:17	06:50
C2120	22:53	23:26

BJS ~ TJ (¥55 - ¥66)

Train	Beijing	Tianjin
C2001	06:13	06:46
C2115	22:52	23:25

TG ~ BJS (¥66 - ¥80)

Train	Tanggu	Beijing
C2284	08:42	09:38
C2282	19:57	20:59

BJS ~ TG (¥66 - ¥80)

Train	Beijing	Tanggu
C2291	08:43	19:39

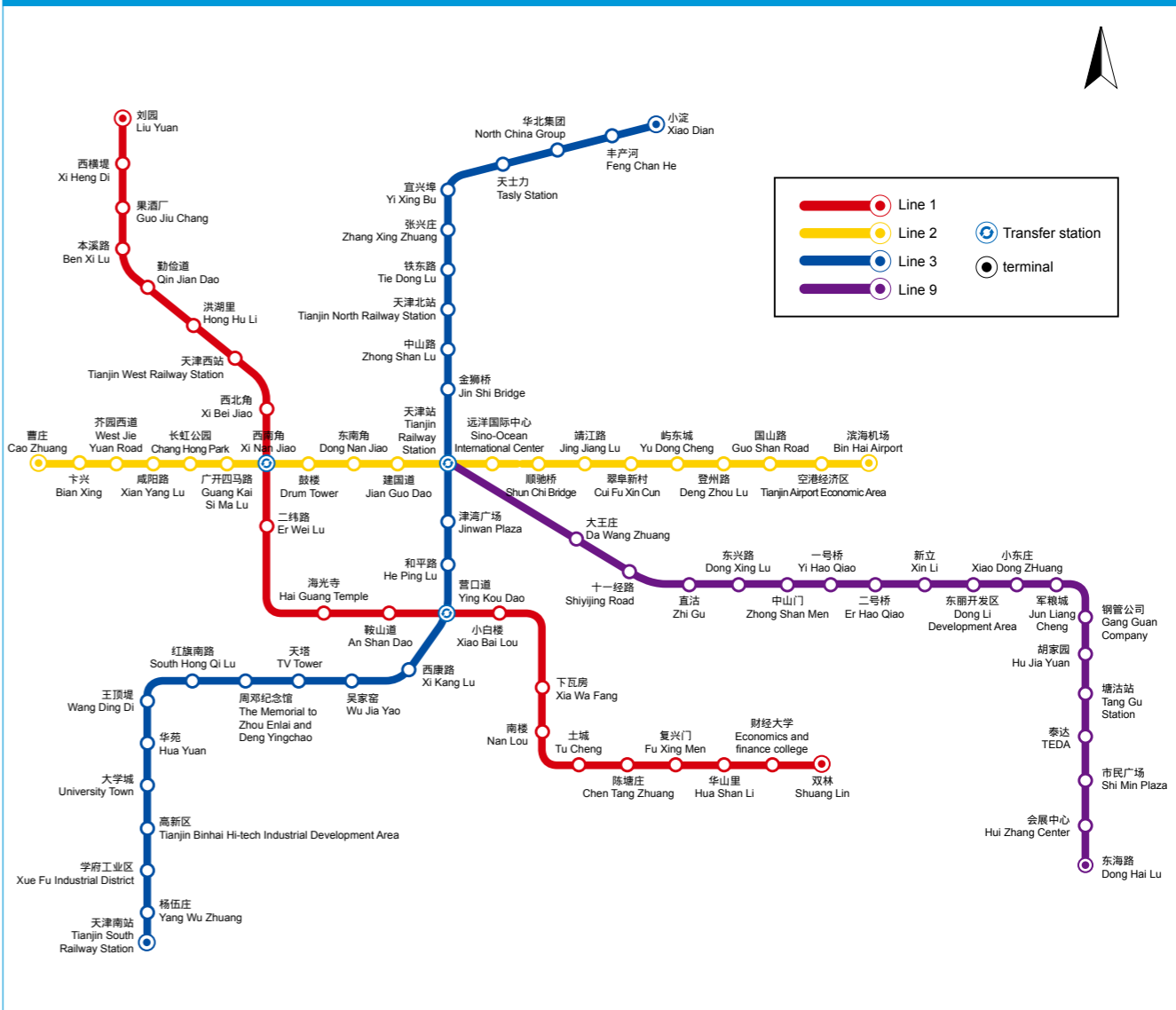
Wuqing ~ BJS (¥39 - ¥46)

Train	Wuqing	Beijing
C2202	06:47	07:12
C2246	21:28	21:53

BJS ~ Wuqing (¥39 - ¥46)

Train	Beijing	Wuqing
C2201	06:32	06:55
C2245	21:19	21:42

TIANJIN SUBWAY





The Allure of the Haihe

By Nadia N.

Like a magnet, the Haihe River draws the most worth-visiting and attractive points of Tianjin along its banks. So, as a result, it is a great “reference point” of any promenade or stroll: mild and serene with its fish boats floating on its surface during the day time, gorgeous and ornate with lights and illuminated bridges in the night. Aside for its beauty, Haihe is an important river in Northern China. It was opened for navigation almost 2000 years ago and started to play a role of a strategic junction during the Sui Dynasty (581-618). With time the river became a centre of commerce and trading, gathering businesses from all around the China and the rest of the world. And, nowadays the former navigation and shipping epicentre took on the role of a place for relaxation. Walking along the banks of Haihe is the perfect opportunity to see, capture all the views from Tianjin postcards and to sum up the diversity of the city’s

architecture at a glance. Arriving there will not only give an opportunity to explore Tianjin bridges, but also pass by and get to know the most romantic and spectacular key-points of the city.

Jin Wan Square

The square is a group of western-styled buildings that make a great ensemble with the Haihe River just across the road. At all times, visitors can enjoy spending leisure time there - facilities of the square are countless. After taking pictures of the pretty-designed European-style buildings that look much more residential and older than they actually are, tourists can explore what the Square has to offer. Jin Wan Plaza, aside for business offices and areas, includes Jin Wan Grand Theatre, Crystal Orange Hotel, China Film International Studios, Lily Yokado private cooking and wedding planning service centre and

a conference hall. Due to its perfect location, a lot of western and Chinese restaurants are open in Jin Wan - 1308 German Brasserie is one of them. If you want to enjoy real and good-quality German cuisine and drinks, this spot is a great choice. But don't forget to take the stairs to the second or even third floor of the restaurant to accompany the meal with great view to the Haihe River and surroundings out of the window.

Haihe Park

Lying nearby empty-square St. Regis Hotel building and Tianjin Railway Station, Haihe Park brings a splash of green colour to the scenario of the riverside. It is a dream place to unwind and take your mind off the city centre pace of life. This clean and well-designed park is a popular leisure facility among both, foreigners and locals. Visitors can cool down beneath the leafy trees and sit by the

small fountains. Haihe Park is famous for its groups of bronze sculptures picturing lovers - a tribute to the European classic architecture and “bold” move for the local Puritanism. In addition, Haihe Park is a great place for outdoor activities and sport (except for on polluted days) for its shadow and slightly better air.

Haihe Cultural Square

Located close to the Ancient Culture Street and caught the fancy as a place for leisure and relaxation. The square designed in the simple and solemn style with the spotlight on folk and traditional Tianjin customs. However, the touch of modern architecture is obvious - high-tech lightning systems and some minimalism elements.



The park’s causeway pavement and spectacular design make it a perfect spot for strolls and picnics as well as enjoying the view of the Haihe River.

Fountain Amusement Park

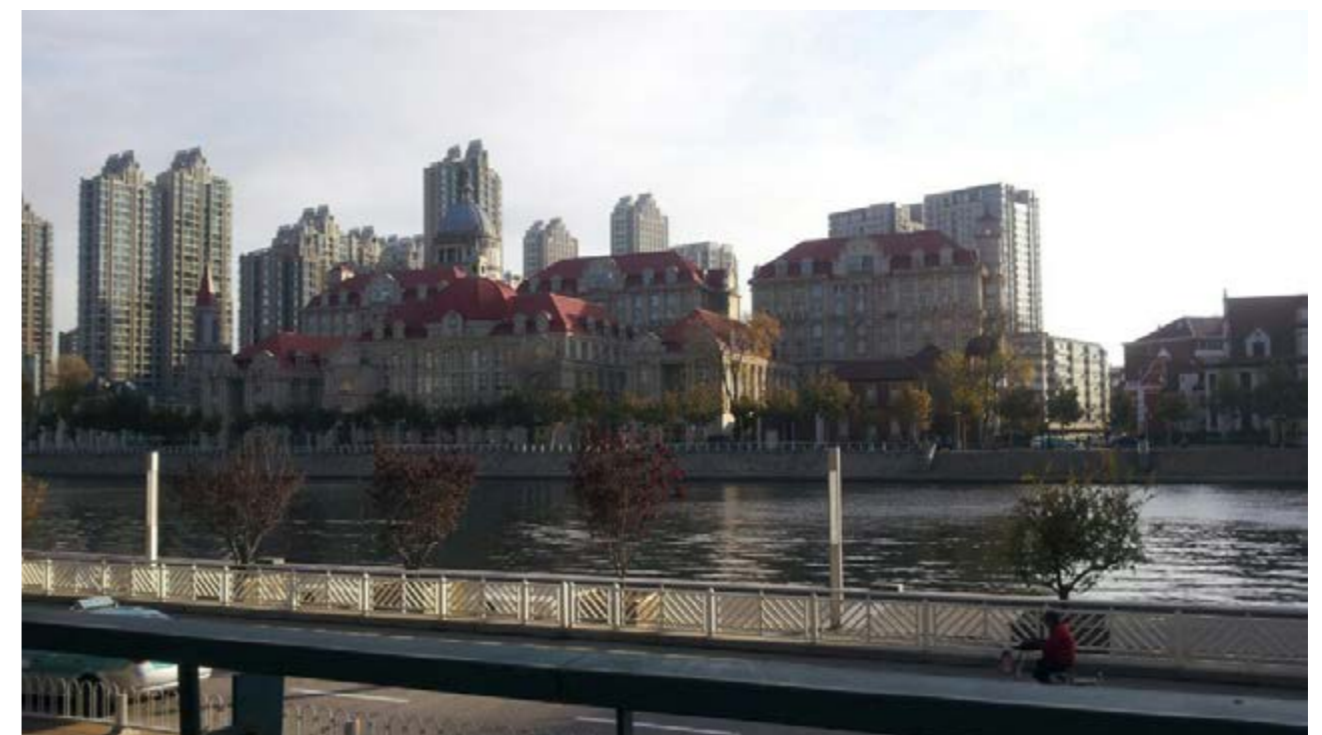
Designed around the colourful fountain the central area, the Park can be a great place to be with children. Frankly, it doesn't offer much, but on a sunny day young locals set up a hullabaloo while riding passenger-propelled airplanes, driving bumper cars and motorcycles. Usually Chinese parents prefer to interfere and take an active participation in little fellows’ fun, and in the end it’s difficult to say if they are not having more fun!

For grown-up fun lovers, splurge on the sightseeing boats that are available for cruises along the river. Tours are especially worth taking during the night, as Haihe riverside is generously illuminated and its bejewelled look is definitely the biggest attraction in Tianjin.

Also, just by taking a stroll along the river, visitors can explore almost

all the main Former Concessions in Tianjin, as most of them were adjoined to it - English, French, Italian, and Russian Concessions were neighbouring each other and different style buildings can be seen nowadays from the riverside. And finally, although the Haihe River was a crucial centre of Tianjin for many years, previously covered with ships and buzzing with commerce, and perhaps is now crowded by tourists or overrun with couples, it still remains the so-called “Pearl of Tianjin”.

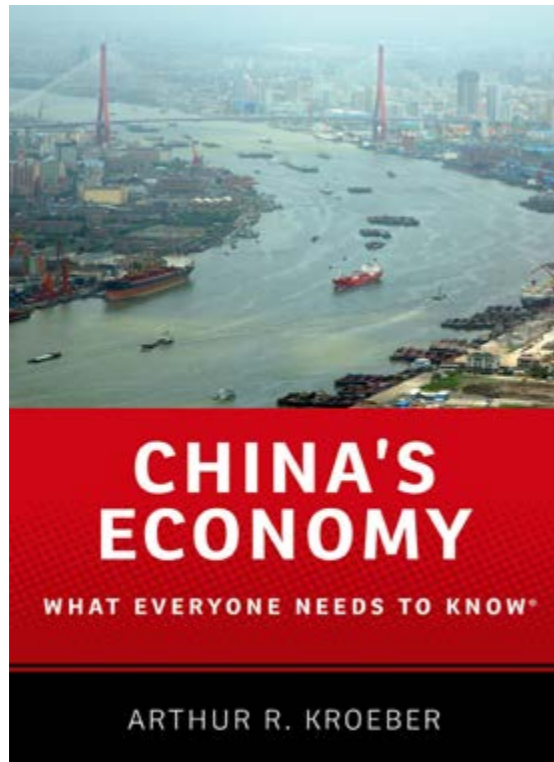
Visit us online:
btianjin.cn/160514



CHINA'S ECONOMY

What Everyone Needs to Know

Author: Arthur R. Kroeber



The Chinese economy, like religion or philosophy, is so vast a subject that it's easy to discuss while appearing knowledgeable. The superlatives, hyperboles and huge numbers roll off the tongue in a revel of impenetrable gigantism. But for the layman, good primers on the economy have been oddly lacking, with academic overviews (such as "China's Economic Transformation") worthy but onerous, and specific titles, for example on green issues ("When A Billion Chinese Jump" by Jonathan Watts) or housing (Tom Miller's "China's Urban Billion"), necessarily partial.

This new book promises to be the set text on the economy for the next decade. Written by Arthur Kroeber, founding partner and head of research at Gavekal Dragonomics (an independent research service covering China's economy, society and politics), the book displays both deep knowledge and journalistic flair. The book is excellently organized, taking the reader through agriculture (the start of China's economic boom) through industry, urbanization and the financial system, and then to present and future with chapters on "The Emerging Consumer Society" and "Changing The Growth Model". Unlike many economic texts, there are few flurries of figures: Kroeber's eye is as much on the political and administrative realities as the quantitative data points. He also has a strong analysis of the Xi-Li administration's economic

strategy and how it differs from the Hu-Wen years, making this perhaps the first major book to do so. For those seeking an overview of China's economy and recent history, there can be few better starts.

Quotes of the Month

One day, in retrospect, the years of struggle will strike you as the most beautiful.

~ Sigmund Freud

Don't think or judge, just listen.

~ Sarah Dessen

**Persistence. Perfection. Patience. Power.
Prioritize your passion. It keeps you sane.**

~ Criss Jami

What if Developing Countries' Demand for Western Education Eventually Subsides?

By Tracy Hall

Getting a high school education is a so-called 'no brainer' when it comes to economic value. It is obviously beneficial from a financial standpoint to complete one's basic studies with some degree of success. Undergraduate and postgraduate degrees on the other hand are far less guaranteed to be worth the time, money and effort in the long run these days. That is particularly true of certain subjects that have been termed 'Mickey Mouse degrees' by Western commentators. Nowadays it is easy to blow tens of thousands of dollars on a degree in golf management or 19th century British lesbian poetry studies then find yourself competing for the same low-paying jobs as people who barely scraped their way through high school. While it is still true that on average people who have degrees earn more than those who don't, it is still basic common sense to conclude that as more graduates are paying higher prices for education then having to compete with more people for fewer jobs a college education becomes a less attractive investment opportunity.

It is no secret that a lot of parents in developing countries – China, India, Vietnam and Thailand, just to name a few – hold Western education systems in extremely high regard. They consider the schools and universities in the Anglosphere and certain European countries to be far superior, for a variety of reasons – ranging from different teacher



styles to placing more emphasis on creativity, than even the best domestic institutions.

The aggregate amounts of both overseas students and money that is being thrown into educating Chinese children in the West or in Western-style academic institutions in China is staggering. According to the most recent annual report by the American Institute of International Education (the IIE), there are more than 300,000 Chinese students in America at the moment. There are also more than 100,000 Indian and 80,000 South Korean students attending U.S. schools or colleges. There are also nearly 100,000 Chinese students studying in the United Kingdom. Although it is hard to determine exactly how many students from all the developing countries are currently studying in developed countries, a quick 'back of a napkin' calculation attempt puts it into the millions.

Traditionally the Chinese have been the largest group of overseas students across the globe, which is hardly a surprise given the size of the country's population, the pace of its economic growth and the value in which Chinese society places on education. Quite rightly, the age-old belief that good education automatically leads to economic opportunities is alive and well in the Middle Kingdom. Not only that but spending time studying overseas is a great way to increase one's social status due to the West's associations with better quality education, open mindedness and so on.

However, a wave of new evidence is being put forward that suggests studying overseas is becoming less valuable than it was in the past. Jennifer Feng, chief human resources expert at 51job, the leading Chinese employment agency, says there is "no big difference between the starting

salaries of those holding overseas or local university degrees". Gone are the days when an overseas degree ensured a top-paying job. "The proportion of students studying overseas these days is high and what they study isn't particularly suitable to the Chinese market," Ms Feng says, adding that China is no longer sending only its brightest students abroad. Furthermore, some Chinese recruiters actually have negative perceptions of people who have studied overseas before they have even turned up to the interview. Liu Yinwei of Jinzun Investment Consulting was inundated with candidates at a recent job fair in Shanghai, but he was not looking for those with foreign degrees. He has sales jobs to fill and the last time he hired a returnee with a UK master's degree, "he thought he knew a lot and therefore... he looked down upon clients".

There are some other factors that also changing Chinese parents attitudes towards investing in incredibly expensive overseas education. One of them is that eighty to ninety percent of the Western academic institutions that Chinese students are attending these days are not household names in China and therefore they don't hold anywhere near as much weight in the Chinese job market as Harvard, Stamford, Oxford or Cambridge.

Then there is the pitiful reality the potential life experience of living overseas and becoming fluent in English or another important global language is completely lost on many international students, due to them living amongst people from the same nationality in order to shield themselves from culture shock.

In some instances it is primarily the demand from China, India, South Korea and other emerging economies that is preventing universities from going bankrupt.

Recent studies have indicated that in the coming years the number of Chinese and Korean students studying in the West will decline, and it remains to be seen whether or not the increasing demand from parts of Africa, India and other developing nations will be enough to keep the overall numbers and revenue as high as they have been in the recent past. If and when this decrease in international student numbers

happens it is going to become a very grim reality that Western academic institutions will need to face up to. The amount of lost revenue and the amount of missing capital inflow into the wider economy will be huge. That is because tuition fees for a three-year arts degree at some of Britain's less famous universities is well above 10,000 GBP (109,000 CNY) per year. On top of that it costs at the absolute minimum another 7,000 GBP per year just for day-to-day living expenses. And that is just one student. When you calculate the total amount and multiple it by a few hundred then it is worrisome from a British standpoint. Multiple it by tens of thousands and spread that loss proportionally across the developed world and it becomes disastrous.

Right now Western universities are already coming under pressure from changing attitudes to the market value of their services domestically. That and the ongoing student loans crises aside, in some instances it is primarily the demand from China, India, South Korea and other emerging economies that is preventing universities from going bankrupt. If Western universities can no longer rely on a significant portion of the revenue they make from international students then there will obviously be some economic and organisational consequences. Who knows, maybe it will lead to a much needed restructuring of the educational systems and lead to the shutting down of "Mickey Mouse courses". In the short term, however, it will definitely be a big shock to the system for those dusty old academic toffs who are currently enjoying sexy salaries for sitting in an office and contributing very little, if any, economic value. **B**



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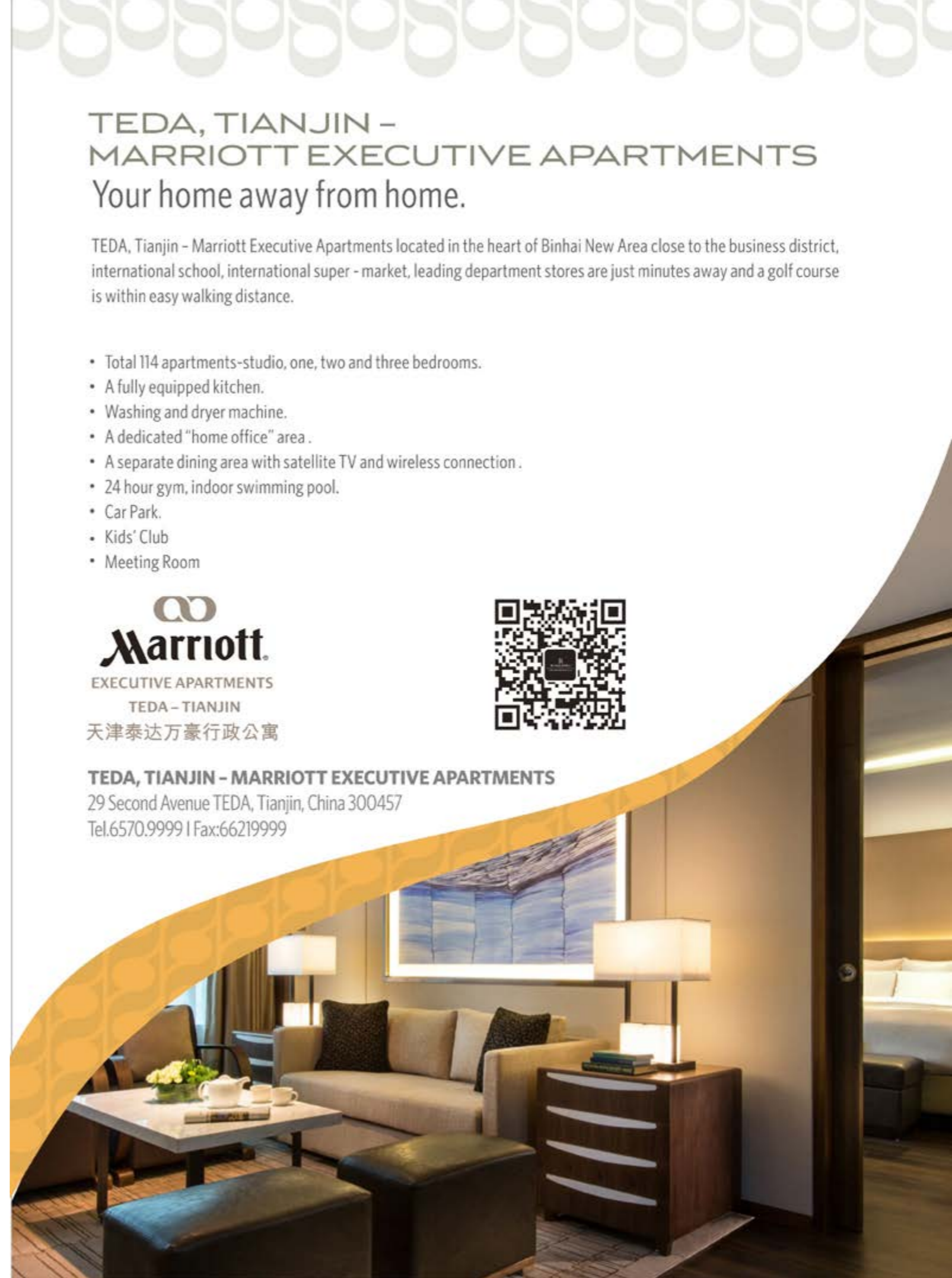
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