

BUSINESS TIANJIN

Business Tianjin

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2017
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Leading the charge for the **Sport of Kings** and Hospitality for the **Elite** 16

Domenico Palumbo, General Manager of
Tianjin Goldin Metropolitan Polo Club



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Dear Readers,

2017 is finally here and in January we would like to wish our readers best wishes.

Chinese Economy has maintained a significantly consistent forecast with GDP continuing to hover around 6.7 percent. Experts see the continuation of rising debt, lower industrial output, continued loss of private investment and overleveraging of state owned enterprises (SOEs).

Many Chinese companies that had invested domestically have been taking their money out of the Chinese market for almost a year, and these figures continued in the past month as capital flight remained an issue.

Surely you must have heard of Polo but have you heard of it in context of these contemporary times? Our Cover Story features an interview with Domenico Palumbo, General Manager of Tianjin Goldin Metropolitan Polo Club, wherein he talks about the meaning of exclusivity of this sport and its ability to forge friendships with cultures and nations. Readers can discover his talent towards managing a hotel for Chinese Elite.

The most remarkable annual event of Tianjin Goldin Metropolitan Polo Club is the Snow Polo World Cup 2017, the world's largest snow polo tournament that is going to be held for the sixth consecutive year, between 17th and 22nd of January 2017. It is a pity that it is by invitation only, but you can send us an email and we will manage to get an entrance ticket.

Our Feature Story summarizes our conversation with many of the most important business leaders of Tianjin in 2016, a city that has witnessed a boom in the hospitality industry and real estate development that has changed the shape of the city's skyline. We extend our thanks to all of them for talking with us willingly and offering their strong support.

In this first edition of 2017 book-worms can immerse themselves in the latest release 'Lotus' authored by Lijia Zhang and tech geeks can solve their dilemma as to whether smartwatches will actually replace smartphones.

You can keep abreast of the latest trends in human resources that are expected to emerge in 2017 so that you are better prepared to deal with your employees, workplace atmosphere and so on. Also read our financial pages to gauge your personal standing where taxes are concerned and about expiration of land use rights under real estate section.

Finally, don't miss our biz brief for keeping yourself informed about all recent business news and an article about the artistic aspect of Chinese New Year.

We round up this issue of Business Tianjin by wishing you all the luck and Happy New Year!

Don't forget to visit our website www.businesstianjin.com and follow us in our official Wechat account (ID: **business_tianjin**) for more information.

Yours Sincerely,
Mary Smith
Managing Editor | Business Tianjin Magazine

managingeditor@businesstianjin.com

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Interview with Domenico Palumbo, General Manager of Tianjin Goldin Metropolitan Polo Club

Hailing from a tiny fishing port on the Amalfi Coast in Southern Italy, Domenico Palumbo has spent the last 18 years working in the hospitality industry of Mainland China, where he now stands tall as the proud General Manager of the Tianjin Goldin Metropolitan Polo Club, a unique luxury establishment not only in Tianjin, but in China.

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◀ **Talking with Leo Liu about Operations Optimization**

Tr iVista China Leader summed things up quite well he noted that his team started their firm to be able to help companies with a Greater China presence achieve operational excellence and support them with their operational strategies globally. As the corporate environment here evolves, Chinese companies will need to continue to adapt their strategies and compete on a global level. They must deploy the same type of operational best practices that Western companies are utilizing in higher cost regions. That is what we focus on.

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◀ **Revolution of the smartwatches: An unsuccessful attempt or a smartphone 'killer'?**

The appearance of the smartwatches on the market of electronic devices looks like a real revolution. In a comparatively short period of time, this type of devices became pretty popular: from less than a million items shipped per year this market grew to about 50 million sales in 2016. According to the Business Insider forecast, the tendency will go on, hitting the 70 million mark in 2021.

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Tianjin News

The St. Regis Tianjin won Three Luxury Awards



The St. Regis Tianjin hotel was delighted to share the information that three luxury awards were awarded to this landmark hotel by 2016-2017 City Traveler Best Hotel Awards, 2016 Business Traveler China Awards and 2016-2017 SPLENDEUR Top Hotel Awards including The Best Luxury Business Hotel, The Best Business Hotel in Tianjin and The Best Designed Hotel. "It is rewarding to be recognized for our efforts in creating a visually enticing, luxurious hotel where guests from near and far will savor unparalleled signature St. Regis Butler Service, deluxe amenities and unique dining experiences at the best address in Tianjin. The St. Regis Tianjin will keep offering more remarkable service for everyone. Allow me." said by General Manager Mr. Martin L. Leclerc.

"Meet Tokaji and Se Rice" Wine Tasting Party @ Sheraton Tianjin Binhai Hotel



On 28th November, Tianjin Zhongsheng Haitian Technology Development Co., Ltd. held a "Meet Tokaji and Se Rice" Wine Tasting Party at Sheraton Tianjin Binhai Hotel. More than 100 Chinese and foreign wine lovers and industry elites were invited to participate in this event to feel the unique enthusiasm, have a good time and enjoy themselves. Tianjin Zhongsheng Haitian is committed to creating the green ecological concept and transfer upscale healthy lifestyle.

Debut of M essential Pop up Store in Tianjin Hisense Plaza



On December 4th, 2016, Tianjin Hisense Plaza's sharing platform ushered in a unique M essential independent designers' sharing session. The creative director Mr. Ma Kai (Muki MA) of M essential was born in Tianjin and the brand aims to explore the contradiction and unity of contemporary oriental aesthetics and modern life to advocate women's independent attitude and to seek self-confidence in past life experiences. This time, the cooperation with the Hisense Plaza's flash store (Pop up Store) is indeed a bold attempt which is trying to break the traditional retail sales model. To promote more interesting concepts to the customer, the Pop up Store will be open till 2017 February 28th.

Airbus celebrates 300th delivery from Tianjin



An A320 aircraft was delivered at Airbus (Tianjin) Delivery Center on Thursday, the 300th A320 to come off the Tianjin assembly line. It was delivered to China Development Bank Financial Leasing Co. Ltd. and then handed over to Sichuan Airlines, according to Airbus China. "The A320 family is renowned for economy and excellent performance. We're honored that the A320 has again been chosen by both a leasing company and a Chinese airline," said Eric Chen, president of Airbus China. It was the third A320 final assembly line in the world and the first outside Europe. It delivered its first aircraft in June 2009.

Tianjin Binhai area's GDP to exceed 1 trillion Yuan



The gross output of Tianjin Binhai New Area, is predicted to exceed 1 trillion Yuan (\$144 billion), becoming the most productive of the country's 18 national zones. In the first three quarters, the GDP of Binhai New Area hit 680 billion Yuan, up 10.7 percent year-on-year, data for Binhai New Area government showed Monday. Growth of the area is closely related to its manufacturing and scientific research transformation, said Jiang Ning, vice president of Binhai Research Institute. Fixed asset investment in the area has reached 1.5 trillion Yuan and foreign investment hit \$33 billion.

Tianjin FTZ launches China-Europe freight train



A freight train departed from the pilot economic zone of Tianjin for the first time on Monday morning. Loaded with 104 containers of construction materials, it is the first China-Europe freight train to leave the Tianjin Pilot Free Trade Zone (FTZ) and is set to arrive in Minsk, capital of Belarus, around December 4th. The train will leave China via Erliahaote Customs in northern China's Inner Mongolia and head to the China-Belarus Industrial Park in Minsk, according to the administrative committee for Tianjin Dongjiang Port Area. The return trip will carry goods to China, including wood products from Belarus and surrounding countries.

FINANCE

China sets major economic tasks for 2017



The Communist Party of China (CPC) Friday specified major tasks for the economic work in 2017, including further advancing supply-side structural reform. The country should push forward reforms in key sectors, including state-owned enterprises, fiscal policy, finance and social security, according to a statement released after a meeting of Political Bureau of CPC Central Committee. China will enhance the rule of law, improve its investment environment, unleash consumption potential, further open up its economy and work to proactively attract foreign investment, the statement said.

Overcapacity is a top reform priority for 2017



China's top economic planner said on Saturday that cutting excess production capacity will be a priority for its work next year. The National Development and Reform Commission (NDRC) will continue to push supply-side reform, including cutting overcapacity, destocking, deleveraging, reducing corporate costs and shoring up weak links in the economy, according to a statement issued after its annual work conference. "Substantial headway must be made in carrying out these tasks," the statement said, adding that breakthroughs should be made in crucial fields, while multiple policies will be implemented to boost demand and ensure healthy economic development.

Growth around 6.5% forecasted for 2017



China's economy will expand by around 6.5 percent year-on-year in 2017, and consumer inflation will moderately rise to 2.2 percent, according to forecasts in a book released by a top think-tank on Monday. No economic hard landing will occur, according to the book released by the Chinese Academy of Social Sciences. The Chinese economy has grown by 6.7 percent for the first three quarters of this year and the growth momentum will remain in the fourth quarter, according to economists participating in a forum after the release of the book. The economy will grow by 6.5 percent in the first and second quarters and by 6.4 percent in the third and fourth quarters, according to the book.

Only nine provincial regions in China raise minimum wage



Only nine of 31 provincial-level regions on the Chinese mainland have raised the minimum wage this year, data from Ministry of Human Resources and Social Security showed on Tuesday. This compares to last year's 27 provincial-level regions that raised the minimum wage by an average rate of 14%. In 2014, 19 regions on the mainland increased their minimum wage by an average of 14.1%. Shanghai has the highest minimum monthly wage of 2,190 Yuan. Beijing tops the hourly minimum wage list by raising its standard to 21 Yuan per hour in September this year, said the ministry.

China to launch Shenzhen - Hong Kong Stock Connection



China's stock connect between Hong Kong and Shenzhen will commence on December 5th, allowing investors to buy and sell shares on each other's bourse as part of the latest move to improve connectivity between the two capital markets. The China Securities Regulatory Commission (CSRC) and the Hong Kong Securities and Futures Commission (SFC) have approved the deal between the Shenzhen Stock Exchange, the Stock Exchange of Hong Kong, China Securities Depository and Clearing Corporation and Hong Kong Securities Clearing Company, assuring mutual trading access between the Shenzhen and Hong Kong stock markets, the CSRC and SFC said in a joint statement.

Central bank to force dual-network bank cards out of mainland market



Credit cards that connect to networks of both China UnionPay and foreign bankcard association will be phased out of the Chinese mainland market. The end of dual-network credit cards, a product created exclusively for the Chinese mainland market, aims to help UnionPay build up its brand and improve the security of its network, experts said. Although customers are unlikely to be affected by the new rule, experts noted that foreign bank card associations will be likely to suffer in the short term.

China introduces 10% extra tax on 'super cars'



China has introduced an additional 10% tax on "super cars", including Ferrari, Bentley, Aston Martin and Rolls-Royce. The tax, affecting cars that cost more than 1.3m Yuan, is aimed at curbing lavish spending and reducing emissions, authorities said. It is part of a wider effort by Chinese authorities against flashy demonstrations of wealth, which has already hit other luxury brands. China is a key market for high-end carmakers. The tax goes into effect on Thursday, although observers say it is unlikely to be a major deterrent for the super rich.

Law & Policy

New policy to benefit investment



China's central bank will allow qualified international employees working in China (Shanghai) Pilot Free Trade Zone to open overseas personal free trade accounts as part of a series of reforms encouraging innovation and cross-border investment. The measure, announced at a news conference in Shanghai on Wednesday by the People's Bank of China, is the first of its kind in allowing international staff working in the city to have easy and direct financing services through bank accounts at local lenders. After the measure became effective on Wednesday, qualified foreigners could access cross-border financial services and do not have to use overseas services as they did before.

China to issue Nationwide Smoking Ban in Public Places



China expects to issue a nationwide regulation banning smoking in public places before the end of the year, according to the National Health and Family Planning Commission. The regulation is listed on the State Council's legislative plans for this year, said Mao Qunan, spokesman for the commission, on the sidelines of an international health conference in Shanghai this week. On November 11th, Shanghai adopted a new law to prohibit smoking in all public areas and workplaces after months of intense debate. The law goes into effect in March. At least 20 cities in China, including Beijing and Shanghai, have no-smoking rules in public places.

TELECOMS

China to embrace commercialized 5G service by 2020



The fifth generation of cellular networks, 5G, may be put into commercial use as early as 2020, according to a regulatory body's roadmap and the business plans of several companies. Insiders from IMT-2020(5G) promotion group, which is dedicated to boosting the systematic promotion of 5G, said second-phase testing will be launched in 2017. Authoritative insiders also disclosed that the experimental stage of 5G will last for three years, from 2016 to 2018. The construction of a 5G network will begin in 2019 with a total budget of 500 billion RMB.

GENERAL

Uber's app no longer works in China



Uber has parted ways with its Chinese subsidiary, a decision which is going to prove problematic for tourists. As part of the deal that saw Uber China merge with Didi Chuxing, the global Uber app has been disentangled from its localized Chinese form. Instead, users will now need to download and install a dedicated Uber China app, but that's not the hardest part. For starters, the new Uber China app is only available in Mandarin, rendering those who can't read the language helpless. Then there's the fact that you have to set up a new account that's linked to a local phone number and a local payments card.

Massage providers Top Salaries in first-tier cities



Massage providers led the list of the highest-paid service jobs at nearly 18,000 Yuan per month in China's first-tier cities. In Beijing, Shanghai, Guangzhou and Shenzhen, gym trainers earned the second-highest monthly income at over 15,000 Yuan, followed by nannies for newborns and auto mechanics, claimed 58.com Inc., an online marketplace, last week. "I think the growth of the service sector has to do with changing consumer behavior," said Zhang Hongbin, owner of Thai massage parlor Orchid Massage & Spa, where 90% of the customers are younger than 30. "Unlike their parents, young people today are willing to pay more to improve their quality of life."

CHINA IN THE WORLD

5 cities begin issuing special license plates for new energy vehicles



China began a pilot program to issue special license plates for new energy vehicles in five cities on Thursday in an effort to promote such vehicles and relieve pressure on energy use and the environment. In addition to Shanghai, the eastern cities of Nanjing and Wuxi, Jiangsu province, and Jinan, Shandong province, as well as the southern city of Shenzhen, Guangdong province, have been chosen as pilot regions where people can apply for license plates exclusively for their new energy vehicles. For those who apply in the beginning by Thursday, new plates will be issued, while owners of already registered new energy vehicles can decide whether to replace their plates.

Google launches Chinese developers' website



US tech giant Google launched a Chinese developers' website on Thursday, aiming to make it easier for developers to learn more about Google services and technologies, as well as develop new applications. Google said it set up the website - developers.google.cn - especially for Chinese developers, which has gathered the technological resources Google provides to its global developers along with latest technical information, including the Android and Firebase platforms. Starting from 2017, the Google Developers Agency Program will be open to China's software development agents. It will join hands with more Chinese partners for growth and development on the global platform.

Australia & China to open aviation sectors as travel booms



The Australian and Chinese governments have agreed on bilateral opening of their aviation sectors, Australian Minister for Infrastructure and Transport Darren Chester and Minister for Trade, Tourism and Investment Steven Ciobo said in a statement on Sunday. The statement said that the new arrangements will remove all capacity restrictions between Australia and China for each airline, thus allowing Australian tourism businesses to take advantage of the world's largest and fastest-growing consumer market. The two countries have seen a boom of direct flights in recent months.

BUSINESS TIANJIN



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6.5

China's economy is predicted to grow around 6.5 per cent in 2017.



1.75

Skyscanner, a popular UK based travel search business has been sold to Ctrip in a deal worth \$1.75 billion.



3

China's foreign exchange reserves have dropped to about \$3 trillion from a peak of \$4 trillion two years ago.



5,000

Designer Wang Zhijun sold a limited edition smog mask made from exclusive Adidas Yeezy Boost 350 V2s for \$5,000 per mask.



47

Wearable tech such as smart watches and fitness bands saw a 47% penetration rate in China in December 2016, whilst 54% of consumers stated they had plans to purchase one in the following month.



290

Chinese authorities shut down 290 websites between July and November in the latest crackdown on online copyright infringement. A total of 4.67 million yuan was issued in fines.



450

More than 450 million users registered with Alipay's latest function to sign up for organ donation.



1

The Chinese postal sector is predicted to take over 1 trillion yuan in revenue by the year 2020 according to the State Post Bureau.





By Anthony Lawry

Figures pertaining to the People's Republic of China (PRC) have maintained a relatively consistent forecast with gross domestic product (GDP) growth figures which continue to hover around 6.7 percent. These numbers have not been downgraded to lower figures by PRC economists. However, according to economists at the Organization for Economic Cooperation and Development (OECD), economic data compiled in November has indicated a furthering of slowdown despite continued monetary stimulus. Their figures indicate that by 2018, China's GDP will slow down to 6.1 percent. Their economists suggest this is the result of four main factors that are continuing to put negative pressure on China's economy. With economic data compiled from the month of November, these economists see the continuation of rising debt, lower industrial output, continued loss of private investment and overleveraging of state owned enterprises (SOEs).

Let us begin with the lower industrial output. Although economists

The weakening of RMB is an extremely positive signal of the fact that the government is letting market forces strongly impact the value of the currency.

forecasted that industrial output for November would rise in October from 6.1% in September to 6.2%, it did not do so. This is likely to be the case when November's numbers come out as well. In other words, industrial output is at a stagnant 6.1 percent and off from a 2016 high of 6.8 percent in March. Some have even predicted that industrial output will be as low as 5.9 percent. However, an aggregate look by most economists suggests that this negative picture will not be the case. Although manufacturing output has grown at a hopeful 6.7 percent in addition to a promising 7.9 percent growth in electricity, gas and water production, mining output fell to 2.2

percent indicating the commodity bust. Overcapacity is still a huge problem that needs to be addressed.

Because of these problems, many foreign investors have pulled their money out of China. Although fixed asset investment grew from January 2016 to October 2016 in comparison to investment between January 2015 and October 2015, the levels of foreign direct investment (FDI) in November of this year are still not greatly inspiring. It is true that Hong Kong remains a big receiver in FDI, but these figures take into account investments from companies in mainland China. In other words, Hong Kong FDI is more a matter of domestic spending than international investments. Additionally, many Chinese companies that had invested domestically have been taking their money out of Chinese market for almost a year. These figures continued in November as capital flight remained an issue. Because of this, the government has issued tight controls in November on Chinese companies investing overseas in order to prevent further capital flight.

To prevent further decay of China's economy, the government has issued large stimulus packages over the past few years to bolster growth. Those figures continued to rise significantly in November across the board in government, household and non-financial corporate debt as a percentage of GDP. In the third quarter of this year, household debt rose to 67 percent of all debt issued. While this is a high number, there is not enough evidence to indicate the impact of rising debt on the economy as it may actually contribute to spending and, in turn, growth. As for SOEs, November really saw a continuation of previous trends within the government's companies. The China Daily reported that profits for SOEs rose by nearly \$200 billion from January to November of this year, yet this data conflicts with non-Chinese figures that suggest that profits remained stagnant.

Overall, we are still witnessing a precarious moment for China's economy. November's data points

further suggest that China's economy is unfortunately slowing down with problems stemming from debt, lower industrial growth and an overall global macroeconomic environment that is still not conducive for the rapid economic expansion that has been seen over the past few decades. November figures, while not truly impressive, do further indicate that China is in the process of a soft landing, the idea that although the economy is slowing it is not crashing. This is an important development for an economy that is in transition from export-based to consumption-based.

But November also saw dramatic decrease in the strength of the Chinese Renminbi (RMB). Although this is great news for exporters since it lowers the cost of labor, it is terrible news for the Chinese consumer who will, theoretically, see higher prices for consumption goods. In spite of this, the weakening of RMB is almost certainly not the result of currency manipulation. In fact, the weakening of RMB is an extremely

positive signal of the fact that the government is letting market forces strongly impact the value of the currency. This is regardless of how hard the government is trying to steer the economy away from export-driven growth. In spite of this, sometimes market forces are not greatly conducive for monthly growth or consumption figures, but overall this is a great signal for the general direction of Chinese economy.

These positive trends may not fully metastasize in the monthly economic data in the near term or the foreseeable future, but they will eventually come to fruition within monthly numbers. In short, Chinese data is still weak, but there are positive signs as well. **E**

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Overcapacity is still a huge problem ▼



Lessons of 2016 from Tianjin's Top Business Leaders

By Annie Ly

As 2016 draws to a close, it is important to be reflective on last year's biggest business news to identify the highs and lows of last year's economic rollercoaster and draw lessons from exemplary business practices. Right here in Tianjin, the business sector is lucky to be home to some of the most interesting and exciting economic policies which constantly shape and transform various sectors, leaving much room for innovation. In this month's Feature Story, we review the expertise of the foremost business leaders in Tianjin given in 2016 and draw lessons from their top level perspectives to start 2017 anew with practical business sense.

The Home of Great Hospitality

Undoubtedly, the hospitality industry in China right now holds great potential. Unlike other mature hotels, markets in countries such as the United Kingdom and the United States of America, the Chinese market is far from saturated despite new hotel establishments being developed and invested in at a steady rate. Recent trends in tourism show that domestic tourists have become more sophisticated in their tastes. Growth in the urban middle classes has led to a younger, more affluent generation seeking top quality services and an improvement in life quality, spawning a trend towards greater leisure experiences and vacation time. For the hospitality industry in China, it is an exciting time for luxury hotels in particular to refine their service offering to cater to these new trends and keep the sector competitive for its customers.

The hotel industry in Tianjin serves as a particularly strong example of this trend. Maintaining top quality services to remain on top of a competitive but growing industry is a message that echoed across many of the leading figures in the sector this year. Whether it's a newly established

serviced apartment or a luxury hotel steeped with historical legacy in Tianjin, the intentions remain the same.

In our June Edition 2016, **Ross Grinter**, General Manager of Sheraton Tianjin Binhai Hotel, emphasised the importance of "making travel effortless" for its customers. Likewise, **Hugo Montanari** of The Ritz-Carlton, Tianjin detailed in our November Issue the hotel's three step process used to ensure top quality service. "Our team goes above and beyond to provide our guests with practically anything they require. For instance, picking up documents from the business district, bringing left luggage from the airport and so on -- everything will be done without

Top quality services to keep on top of a competitive, but growing, industry is a message that echoed across many of the leading figures in the sector this year

delay on special request". In October, **Martin Leclerc**, General Manager of The St. Regis Hotel, Tianjin echoed this message in our sister publication, Tianjin Plus, detailing how his management philosophy is "to treat each guest as a rock star!"

The takeaway here is to treat every customer as a VIP. Perhaps a fresh perspective can be given by this month's Cover Story star, **Domenico Palumbo**, General Manager of the Tianjin Goldin Metropolitan Polo Club, one of the most unique hospitality establishments in Tianjin, if not the whole of China. Heading up the organisation of one of the world's most elite sports in such an opulent and sophisticated luxury hotels, Palumbo contends that the key to maintain such prestigious status and keep customers returning is "aspire to surpass your current achievements and accomplish what others consider impossible". The key is for talented staff members, managed by a personable but hands on style, to be well trained in anticipating visitor needs before they themselves need to make requests. Having a strong understanding of the identity of these customers and their profile



Kelvin Lee
January / 2016



Michael Yeung
February / 2016



Martin Kjarbo
March / 2016



C M Kwok
April / 2016



Sidney Hardy
May / 2016



Ross Grinter
June / 2016



Ugur Talayhan
July / 2016



Christoph Schrempp
August / 2016



Sune Andersen
September / 2016



Masoud Afnan
October / 2016



Hugo Montanari
November / 2016



Simpson Han
December / 2016



Domenico Palumbo
January / 2017



Martin Leclerc
October / 2016



Steve Wang
May / 2016

of preferences is a stand out lesson for hoteliers in China to ensure they deliver for those in this emerging trend of sophisticated traveller.

Elsewhere, other hoteliers focus on their product and service offerings and how to constantly innovate them to keep them fresh for customers new and old. **Sidney Hardy**, General Manager of Hyatt Regency Tianjin East Hotel highlighted the importance of authenticity in our May issue, stating that the key to success is delivering on your service promise; “we do not offer anything we don’t think we can do”. For this General Manager with over 30 years of experience in the business, it appears the boundaries of what can be done are constantly being pushed – particularly when it comes to their food and beverage offerings. Speaking of developing new products, Hardy highlighted some of the most exciting events and products executed at the Hyatt Regency, including ‘Pastry Art’ classes and show bars for Chinese New Year. To keep his customers happy, Hardy told how, “We always like to do things in a way that is new and different in the market” showing that product innovation is yet another way in which Tianjin’s hospitality industry is at the cutting edge.

One of the most outstanding Business Tianjin interviews of 2016 was

Drive new customers, new innovations and new inspiration to keep Tianjin’s industries competitive

our editorial team with Mr. **Ugur Talayhan**, Managing Director of three of Tianjin’s most eminent hotels. Amongst the many luxury hotels with top quality service offerings in Tianjin, there is a clear sense of competition to keep on top and attract guests from all walks of life. For Mr Talayhan, there lay potential for this competition to get out of hand but under his management and model of leadership, there is a quiet confidence that he has what it takes to shake up the Tianjin hotel industry and be a pioneer of this style of hotel management. In our July edition, Mr Talayhan stated that the new style of leadership as “a good and positive trend, especially if there are others willing to work as hard as me to make this model work”. Only time will tell if this will strengthen the Tianjin hospitality industry and set the example for the rest of China.

A Symbolically Changing Skyline

As industries continue to grow and develop in the city, it stands to reason that the skyline in Tianjin

evolves with it. In our April Issue, we spoke to the **C M Kwok**, Deputy General Manager of Modern Group, the organisation behind the recent development of Modern International Finance Centre (MIFC) at the intersection of Nanjing Road and Yingkou Road. The building itself is symbolic of Tianjin’s business potential. It is a modern city with sky high ambitions, yet with prime office real estate in a landmark building yet to be leased to local and international companies. The MIFC represents one of Tianjin’s enduring issues – what is the city’s core identity and how can that be leveraged so that it is attractive to a diverse range of businesses?

Mr Kwok raised the point that Tianjin is a city with great potential but that “what Tianjin needs to do is focus on how to position itself”. With the Jing-Jin-Ji initiative and FTZ policy, now is a strong opportunity for Tianjin to define itself for the future. The skyline is in a state of flux, as is the future direction of city but there lies great potential for what Tianjin could be.

Room For Opportunity

Many of our business experts have identified areas for opportunity and growth. In our March edition, we spoke to **Martin Kjørbo**, General Manager of Vestas Wind Technology Manufacturing Complex, TEDA on the direction of wind technology.

For him and the energy sector, much is dependent on the government and infrastructure improvements. Elsewhere, there is a resounding positivity for government investment into the Jing-Jin-Ji initiative and FTZ policy with nearly all business leaders we interviewed seeing great opportunity to welcome new blood into the business realm.

The other side of the coin appears to be the issue of investment. In our February issue, **Michael Yeung**, Chairman of the Hong Kong Chamber of Commerce in China, Tianjin said, “Tianjin needs foreign investment and further government support to encourage businesses to seize the opportunities there are in Tianjin over the coming years”. Without doubt, further business investment in the city will see it drive new customers, new innovations and new inspiration to keep Tianjin’s industries competitive. The consensus is that 2017 looks bright for business in the city.

Drawing focus away from government and policy perhaps the answer is simpler. In May, Founder of one of the city’s best night life spots **Steve Wang**, owner of WE Brewery, told Tianjin Plus that introducing and embracing cultural changes like the craft beer revolution has the potential to be the catalyst that makes

What is the city’s core identity and how can that be leveraged to be attractive to a diverse range of businesses?

Tianjin the next big city to rival that of Beijing and Shanghai. Tianjin still needs to make the journey culturally to change people’s mindsets in order for business to flourish.

So what does 2017 hold for the Tianjin business environment? As far back as January, **Kelvin Lee**, Director of Tianjin Office, PwC identified internet companies in line with the growing area of e-commerce, service industries and higher education as areas which have strong potential growth in Tianjin. “Tianjin has a lot to offer here”, told Lee but only time will tell.

Elsewhere in our October issue interview with **Adam Dunnett**, Secretary General of the European Chamber of Commerce in China, and **Christoph Schremp**, Chairman of the Tianjin Chapter European Chamber of Commerce, identified the aviation industry in Tianjin as being one with great potential for growth in the new year; “We can expect

to see further major investments to maintain stable and continuous growth. Tianjin is in a special position considering the set up [infrastructure] of the TEDA zone and the developing areas around the Tianjin-Binhai International airport”.

On the 2017 Horizon

Of the key lessons drawn from the leading business figures interviewed this year, none should be confined to their respective industries. All carry across strong values around maintaining and delivering high quality products and services, constant innovation to keep things fresh, need for co-operation and collaboration and finally, belief and positivity that Tianjin has what it takes to create a prosperous business environment. If there are any resolutions that business leaders need to make for the upcoming year, it is to stick to these core business lessons. **B**

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Leading the charge for the Sport of Kings and Hospitality for the Elite



Interview with **Domenico Palumbo**,
General Manager of **Tianjin Goldin Metropolitan Polo Club**

By Annie Ly

Hailing from a tiny fishing port on the Amalfi Coast in Southern Italy, Domenico Palumbo has spent the last 18 years working in the hospitality industry of Mainland China, where he now stands tall as the proud General Manager of the Tianjin Goldin Metropolitan Polo Club, a unique luxury establishment not only in Tianjin, but in China.

With great insight into the emerging popularity of the “sport of kings” and the elite hospitality sector, this month we sought the experiences of Mr Palumbo to enlighten our faithful readers on all things opulent and decadent at the Tianjin Goldin Metropolitan Polo Club.

You have been General Manager at the Tianjin Goldin Metropolitan Polo Club for over two years. Can you tell us more about your previous experience and how you ended up in this position?

I arrived in China back in 1998 on a 1-year hotel management training program; once I completed that, the same hotel GM hired me as Front Office Manager. Two years later, I switched to private club management which gave me the fantastic opportunity to be involved with some of the best sport, business and residential clubs in China, from Guangzhou to Shanghai, from Chengdu to Beijing and then here in Tianjin.

China is an especially important market for the “sport of kings” as it aligns itself with a new world order

Tianjin Goldin Metropolitan Polo Club is home to China’s largest polo facilities. It is integral to the popularity of the sport in China. What are your thoughts on the popularity of Polo in China right now?

Traditionally, the culture of polo and horses originated in China, where the game was an imperial sport during the Tang Dynasty. It was thought to enter China via Central Asia or Iran. Therefore, polo is a game that historically connects with Chinese people. China is especially important as a market for the “sport of kings” as it aligns itself with a new world order.

I think the Chinese are going to be the most influential superpower and polo represents the best passport they can have because wherever they go, they will always feel welcome. The horse is an

international language. It doesn’t matter if you speak Arabic, Russian, or Mandarin. If you understand the horse, you have a bridging point with anyone, anywhere in the world.

The Tianjin Goldin Metropolitan Polo Club offers high end, luxury facilities and experiences for visitors and customers. Can you tell us more about your typical clients, customer base and who you seek to attract to the Club?

Our target market consists of private entrepreneurs who first of all enjoy as well as can afford the lifestyle. There are a growing number of businessmen and their children who are starting to take the sport seriously in China by joining polo clubs like ours in Tianjin. Having become members, they will not only have the opportunity to learn and improve their horse riding and polo skills, but also meet and mingle with like-minded individuals.

What are the main attractions and services offered to customers at the Club?

The Club is home to China's largest polo facilities, featuring two international-sized polo fields, one indoor arena, stabling for over 200 horses, and a 167-room luxurious club hotel featuring a selection of stylish restaurants and lounges as well as state-of-the-art spa and fitness facilities. Meanwhile, designed as a lifestyle hub, the Club offers a range of services for both business and pleasure.

As a luxury resort destination, we have spent a great deal of time developing ways for our members

to experience real luxury. From the sophisticated design, as well as choosing of branded amenities in the rooms, to the personalised butler services, we are creating a truly royal experience for anyone passing through our doors.

Ultimately, the fundamental part of our job is that people matter the most, so we must become masters at making people feel great - to build and maintain lasting relationships, to always make people feel better about themselves, and to become the kind of people everyone wants to be around.

You also offer membership packages. Why should people consider becoming a member?



Metropolitan Polo Club membership connects members and their families to an elite global network of like-minded professionals, opening doors both on and off the polo field. Besides the luxury services and facilities offered at our venue in Tianjin, club members have access to a distinguished fraternity of club affiliates worldwide and enjoy the benefits of global camaraderie at international events and activities. Most importantly, we spend considerable energy researching hobbies, likes and dislikes of our members to ensure that they feel like "part of the family" instead of joining small groups occupied by strangers.

What are your thoughts on the luxury, elite hotel market in Tianjin or China more broadly?

At a time when luxury establishments are being shattered under an official crackdown on opulence and corruption all over China, I believe we still have an edge on other luxury venues because we are offering something unique. The elites in the 80s played tennis, the elites in the 90s played golf. Why play golf, when you can play polo?

There is a fast growing niche of polo aficionados. I think now the truly inspirational sport for those people who want to demonstrate themselves as totems in their community is polo because it is relatively unusual, it is new, but more importantly, it is Chinese.

It is undeniable that the Tianjin Goldin Metropolitan Polo Club is a unique establishment in Tianjin and China as a whole. What steps do you take to uphold your reputation as a place for elegant, elite and prestigious events and services?

With its motto "Go Beyond", our Group always aspires to surpass its current achievements and accomplish what others consider impossible. By entrenching creativity and embracing innovative ideas, our goal is to consistently raise the standard bar of our service offerings as well as challenge our team to scale new heights.

The Fortune Heights Snow Polo World Cup 2017 is about to take place at the Tianjin Goldin Metropolitan Polo Club for its sixth year running. What are you looking forward to most about this year's great event?

As the Club is dedicated to further promotion of this royal sport to polo lovers of all ages, several tournaments are currently being held every year to showcase top-level polo matches featuring world-class polo patrons and players. Sanctioned and organized by the Federation of International Polo (FIP), our forthcoming event is the Club's

Our Group always aspires to surpass its current achievements and accomplish what others consider impossible

annual signature tournament – the Fortune Heights Snow Polo World Cup, the most prestigious snow polo tournament in Asia fetching the highest prize money.

Six of the world's premier polo nations, representing six continents, will come together for the sixth year running at the splendid frozen surface of the South Field from 17th to 22nd January 2017. This year, we are going to witness a fierce battle for Team Hong Kong China to defend their crown against Team England. The comeback of the strong rivals Team Argentina and Team USA are both variables in the games, making it hard to predict the result. Then, there are

Australia and South Africa creating potential for upsets and excellent games.

The 117 Goldin Finance Tower will be one of World's most iconic structural buildings. What do you think this construction of the tower will bring for the Polo Club, as well as to the Tianjin hospitality industry?

As one of the tallest buildings in the world, Goldin Finance 117 is at or near many height records. Its 579-meter-high observation deck is the third tallest in the world among all buildings completed or under construction and when completed it will hold the record for highest hotel rooms in the world at 560 meters. Additionally, an indoor swimming pool located on floor 115 will be the world's highest at 564 meters. That will certainly boost competition and present some extra challenges for the local hospitality industry.

On the other hand, as the centerpiece of the Goldin Metropolitan project,





Tianjin Goldin Metropolitan Polo Club - Club Hotel Lobby



Tianjin Goldin Metropolitan Polo Club - Junior Suite



Tianjin Goldin Metropolitan Polo Club - Exterior

the eye-catching skyscraper will bring in new tenants for its office space, new residents for our luxury residences and, as a consequence, new club members!

What do you see for the future of the Tianjin Goldin Metropolitan Polo Club?

The 2016 season was a successful one at the club as more tournaments than ever before were successfully organised, drawing a large number of polo fans to the club as well as educating newcomers about the sport and its lifestyle. Polo is still a very young sport in China. You can count the number of polo clubs on one hand, and there are fewer than fifty active polo players. But the future is looking certain. Polo is more than just a game and we should not forget the horse. After all, the horse is every polo player's most important partner. It is not an investment, it loses value quickly and gets injured, so it has to be looked after properly. And we have to teach that to our future members and polo players.

You have experience in the hospitality industry having worked in cities all over China. How does the sector differ from city to city?

According to my personal experience, I believe any services offered have to adapt to the needs of different consumers living in different cities. China is a huge country and therefore an adaptation of standards and economics is vital for profitability in our sector and, consequently, for the development pace in China. In general, there is not a "one size fits all" solution in hospitality and definitely not in China!

What is the future for the luxury hospitality industry in China or Tianjin? What trends or new developments do you see arising in this sector?

Since the first generation of luxury hotels, the hospitality industry in China has changed significantly and remains in a state of evolution. We have seen this sector adapt to a maturing market, increases in competition, advances in technology and significant changes in China's economy. The concept of luxury is moving from 'having' to 'being', leading Chinese consumers to shift their spending and aspirations from buying luxury goods towards

Goldin Finance 117 Tower, Tianjin



The elites in the 80s played tennis, the elites in the 90s played golf. Why play golf, when you can play polo?

experiential travel. As the shift from possessions to pleasure gains momentum, we are starting to see more demand for venues specifically geared to offer unique and memorable activities and that's exactly where we can (and will) play a bigger role providing the kind of lifestyle our members are looking for.

You are a founding member of Chaîne des Rôtisseurs - Bailliage de Tianjin, an international association of gastronomic excellence. What benefits has being a member brought to your role as a General Manager of such an elite establishment?

Besides the fun of attending events and meeting people of similar interest from all over the world, my Chaîne membership provides me the opportunity to learn what the discerning consumer is looking for in our services and products. Professionally, I have always found the preparation and presentation of a "Chaîne" dinner to be an invitation to stimulate the desire of everyone involved to excel. It challenges the skills and expertise of both the culinary as well as the service brigades to be creative and to put on an exceptional performance.

Joining the Chaîne and meeting with fellow members face to face has certainly provided me with an insight that I did not have before. By the way, I am pleased to announce that the Bailliage de Tianjin of the Chaîne des Rôtisseurs will be officially established next year with an Induction Ceremony and Gala Dinner to be held at the Metropolitan Polo Club on 11th March 2017.

Any final comments?

Looking forward to seeing you, Business Tianjin avid readers, your family and friends at our South Field Clubhouse during the Snow Polo Week in mid January to enjoy the experience of a lifetime! **E**

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Talking with Leo Liu about

OPERATIONS OPTIMIZATION

SVP & Managing Director of TriVista

By Darren Grosvenor

TriVista China Leader summed things up quite well he noted that his team started their firm to be able to help companies with a Greater China presence achieve operational excellence and support them with their operational strategies globally. As the corporate environment here evolves, Chinese companies will need to continue to adapt their strategies and compete on a global level. They must deploy the same type of operational best practices that Western companies are utilizing in higher cost regions. That is what we focus on.

Can you describe yourself and your expertise to our readers?

Tianjin is my hometown. Since I grew up here, I knew I wanted to have my career here. I am currently the Managing Director for TriVista, here in Tianjin, which is our Asian Headquarters. Prior to joining TriVista, I worked in various industries and business covering different functions of the senior leadership team, and

eventually found that my Lean and Six Sigma Manufacturing experiences might help a lot of other western companies as well as Chinese companies in operations performance improvement.

I set up TriVista Tianjin in 2008 while my partners worked with me in Tianjin since 1990's. And we all believe that Tianjin is a great industrial center for operations consulting market

The reason I want to be a consultant is simply because this is how I can help other business improve their performance, and the consulting industry is a new and growing industry in China.

What is Operations Consulting and which industries and geographical areas does TriVista support?

TriVista management consulting is assisting businesses in several different areas of expertise: Operations Continuous Improvement, Mergers and Acquisition Support, Supply Chain Management and Footprint Optimization, just to name a few. We have offices in Tianjin, Shanghai and Shenzhen that support Greater China. This allows our team to provide Lean and Six Sigma operational best practices across a number of industries throughout the Asia Pacific region. We also have global locations such as in the USA, Singapore and in Manchester, England.

How does having a Global Team help you support your customers?

By being a global organization, we can assist clients from various private equities and other entities in many parts of the world to not only choose which factories to buy or to setup, but also help them to do the due

Higher labor cost should not discourage investment within China, and the China consumer market shall attract more investment.

diligence required. I am not talking about the financial part but rather the manufacturing part. We have coined the term: Quality of Operations (QOO) which means Operational Due Diligence. By our team visiting and evaluating the factory we can see that the production ability and other factors match the financial numbers. Our team members are not just students that graduated from college, we are professionals that have held high-level management positions in the manufacturing sector with decades of expertise and we know what the operations (suppliers included) must look like to generate certain production output.

What can companies do to foster efficiency and cost savings in manufacturing while still maintaining the best quality control efforts?

By using operational consultants, an organization can apply the benefits of Lean to optimize the manufacturing process. Sometimes there is a cost associated with the change, but the long-term effect is a cost savings.

Six Sigma has been around a long time. Is it still able to get the best results?

It has been around since the Jack Welch, G.E. days, but still works well today. By digging deeper into the collected manufacturing data, weakness can be exposed and this allows the organization to focus on

the root cause of their defects in production. Organizations like NASA, which just can't afford a defect, use Six Sigma.

Do you feel Lean is a replacement for Six Sigma or should they be used together?

It is not a replacement but rather a different way. As I mentioned, Six Sigma looks at a large amount of data to hon in on a particular part of the operation that needs to be dealt with to make the quality improve. Lean, on the other hand, was invented by Toyota and looks at ways to make the organization more efficient, ergonomic, and reduce costs or waste. For example, if the production

line is too spread out and the time it takes the unit to reach the next station is too long, that is not only waste of labor but also of time. By bringing the stations closer together, the waste is reduced and possibly the communication between the two stations is increased as well. Lean is focusing on waste reduction which six sigma is focusing on systematic quality assurance and improvement.

An organization can apply the benefits of Lean to optimize the manufacturing process.



Lean can be used on its own or together with Six Sigma as they achieve different outcomes.

I see that ITT started out in Tianjin back in 1992, what are the challenges faced in the manufacturing sector today versus back then?

Back in that period, manufacturing had a lot of investment since the returns were quite high, but today with the Real Estate market being so strong, there is less investment into the factories.

Do you see manufacturers expanding their footprint in China or consolidating?

Consolidating is the right word because, you know it is quite interesting that many people in China say we are going down and down. They think we are losing many opportunities to India. But, in fact, China is just slowing down and not in a freefall. Existing footprint is consolidating. In some cases, back to the USA as their customers may be within that country or there might be incentives to bring it back.

What do you think of when you hear this statement by Steve Jobs: "You always have to keep pushing to innovate"?

The U.S. is the innovator and the structure is setup to facilitate that. The US culture instills the desire to be entrepreneur. Within China, there is only certain regions that have this desire. The current inventions cultures within China are not real inventions that lead a new industries or a new technology. China is building the foundation for future creative inventions.

Can you describe the Human Resources situation for manufacturers within China?

Several organizations have moved their operations to Indonesia or other countries to try to reduce their labor costs, but they are finding that the overall costs are the same or higher. Here is why: The other undeveloped countries do not have the same amount of trained labor, lack of infrastructure and lack of industrialized supply chain. The raw materials or sub-parts of the products may still come from China. So even if the labor-intensive industry is moved to another country, the per hour labor cost may be less but they might take longer to produce the product with higher logistic and material cost.

It is true that the labor cost in China is increasing, but the big problem is that the labor is becoming more picky about the work they do. They just do not want to do the tougher labor work like cut-and-sew and granite production industries, etc.

Higher labor cost should not discourage investment within China since there are other factors and favorable Government policies that can make the overall cost (logistic/supply chain, etc.) nearly the same as in other nations.

Can you describe the future business environment in China?

The educational system needs to evolve to foster innovation and creation. We are training operators and not managers or inventors.

I hope that the domestic market will be more creditable so the investors will see the pay-back is similar to



the real estate investment. Also, this credibility can help the investor to get their money back.

Chinese customers can afford higher quality items and they can see the difference so the future suppliers must have the high-end quality not only for the export market but for the domestic market as well.

In the next 5 to 10 years, since people here need to consume and will make China become the biggest market. I hope the manufacturing within China will learn from the U.S. and then the private equity investors will invest.

In a world filled with many uncertainties, it is refreshing to see a fellow consultant, like yourself, that is focused on inventing the consulting paradigm within China/Asia and improving the world we live in. **E**

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High Risk and High Reward 3 ETFs to Cash in on China's Next Growth Boom

By Anthony Lawry

The recent presidential election in the United States will be ushering in an increasingly antagonistic administration to the Chinese government in the world's largest economy. While the prospect of President-elect Donald Trump's 30% to 40% blanket tariff threat should be looked at with a skeptical eye, there is little doubt the macroeconomic climate for Chinese investment has become much more hostile and potentially problematic with this additional political risk. This is not even taking into consideration the old stories that everyone is familiar with, namely slowing Chinese GDP growth, capital flight, transforming the economy from exports to consumption, increasing uptick in mergers and acquisitions, China's ability to overcome the so-called middle-income trap, etc. Overall, the risk and sheer uncertainty

China remains an extremely interesting country for investment.

that goes along with investing in China has not been this high since the onset of 1996 Asian currency crisis (a crisis that eventually was not as damaging to China as others like Thailand or South Korea).

Nonetheless, an avid China watcher or casual investor looking to cash in on potential returns from international or emerging markets need look no further than the Middle Kingdom. With high risks would come a high reward. Indeed, a number of financial opportunities are still available for the possible next boom in Chinese

growth. China is still the world's second largest economy with the world's largest consumer market that is still achieving extremely impressive 6% GDP growth figures. The common perception among international financial analysts is that China has become much more risky over the past few years and will show slow growth in equities over the next few as well.

But common perceptions in market analysis led by emotion, fear, misreading data points, or simple black swan events can lead investors astray. In other words, now may be the time to jump into the market despite how risky it may be. Nonetheless, here are a few examples of high risk high reward Exchange Traded Funds (ETFs) that are available.

You Can't Win if You Don't Play

ETFs are still the primary conduit for solid 5% or higher returns in this global economic climate. If chosen carefully, these types of assets have the track record of outperforming virtually every index barring the S&P 500 or the Dow Jones Industrials for example. To begin with, the Global X NASDAQ China Technology (QQQC) index is a somewhat unknown entity in Chinese equities. Obviously, this is a sector-based fund entirely invested in Chinese technology equities. But where this fund differs from other Chinese tech funds is the share of its holdings. While the usual suspects are in the lineup such as Tencent (7.67% of portfolio share) and Baidu (7.8% of portfolio share), its largest holdings are the relatively unknown NetEase Inc (8.45% of portfolio share) and SINA Corp (8.05% of portfolio share). With a volatility level of nearly 2 beta (on a scale from -2 to 2 with 2 being the highest level of volatility), this is a fund that very closely follows the ebbs and flows of various different equity indices. That being said, the fund has grown from \$14 per share to nearly \$25 per share over the last four years, thus giving investors in 2012 more than 25% return.



Another high risk high reward Chinese fund is a sector-based fund called Global X China Financials (CHIX). Traded on the NYSE, this fund is filled with traditionally known Chinese banks such as the China Construction Bank (10.13% of holdings), the Industrial and Commercial Bank of China (10.03% of holdings), and AIA Group (9.06% of holdings). It also has 5% holdings in a number of insurance companies such as China Life Insurance Co and Ping An Insurance Group of China. The fund had grown from 10 dollars a share with a growth rate of 100% to 20 dollars a share at its height in June

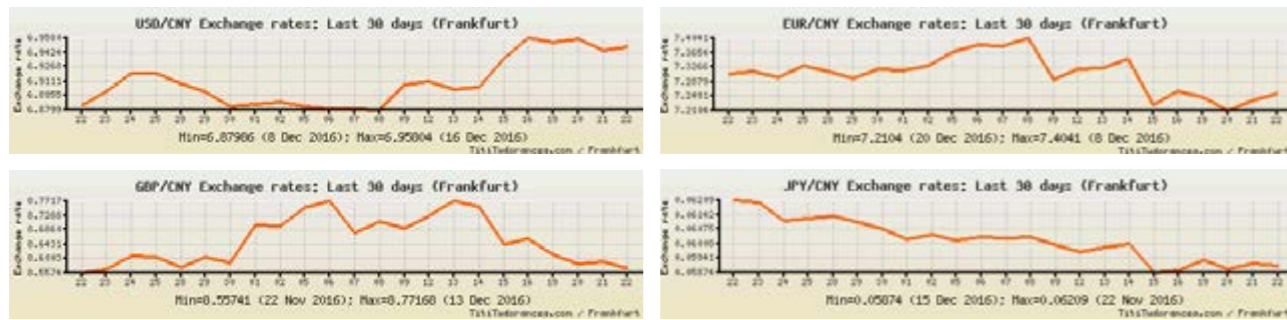
2015. But as China stock watchers can probably guess, it has fallen significantly since that high from two stock crashes, but still maintains a healthy level of returns being priced at 14 dollars a share. However, its beta sits at 1.05, making it one of the more risky investments you could make in Chinese ETFs as it highly correlates with international indices.

Overall, China remains an extremely interesting country for investment. Despite all the hoopla around its slowing economy and its other various issues, a large degree of stimulus, investments and higher exports are likely to be seen from the 10% weakening of the CNY that was seen recently this month. There are little other emerging markets outside of Asia that are as attractive as China. This remains the case now and will likely be the case in the immediate future as relatively little has changed in a positive direction in the global macroeconomic environment or for individual emerging markets over the past few months. **E**



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Stocks and Shares



Caterpillar Seeking Deeper Ties with China



The US tracker and machinery company, Caterpillar, is seeking to expand its business by cooperating with the Chinese government on issues relating to China's One Belt One Road (OBOR) initiative. The economic initiative is essentially a massive infrastructure and investment project aimed at creating a new energy, transportation and other infrastructure projects through Asia, Africa and Europe. Caterpillar is aiming to cooperate with the Chinese government on procuring greater cooperation between them and foreign governments in relation to the vast array of OBOR projects that are expected to prop up through the OBOR network. In doing so, Caterpillar will aim to work closely with the Chinese government in "unprecedented opportunities" in a collective international market that includes 63 percent of the world's population and 30 percent of the world's economic output.

Source: *China Daily*

LeEco Unit Eyes Changes to Business after Shares Take a Hit

The Chinese electronic and television company LeEco said that it has been overextended and was having problems planning on changing its business after a slide in its stock price which forced the fast-growing technology company to stop its trading on the stock market. The Shenzhen-listed company did not specify what changes it would be implementing, but an investigation is being made into why the stock price had taken such a hit, wiping out 6 billion yuan from its market value. Last month, LeEco's owner Jia Yueting warned that the company had overextended and was having problems raising additional funds. In July, LeEco purchased a US television maker, Vizio, for \$2 billion which came after a number of other acquisitions by the company looking to expand beyond the sale of electronics. LeEco's only profitable business now appears to be Leshi and the company said it will continue trading on the market after investigating why the stock's price had declined so rapidly.

Source: *Wall Street Journal*



Scott Morrison approves sale of Kidman & Co to Rinehart's Chinese JV

The mining billionaire Gina Rinehart's joint venture with the Chinese firm Shanghai CRED has decided to buy Australia's largest agricultural property owner, Australian Outback Beef. The deal was approved by Australia's treasury department and mandates that the Kidman group, Anna Creek and The Peake will be bought by a local farming family and the rest will be sold to the aforementioned joint venture. The purchase will put Rinehart's company as one of the top three beef producers in Australia with a combined cattle size of about 300,000. Hancock, an Australian-owned investment firm, will have control of the board of directors in addition to day-to-day operations of the business. An unidentified individual close to the deal mentioned that Shanghai CRED will most likely look for an increase in its level of ownership in the joint venture in future. In spite of this, it is speculated that Shanghai CRED looks to make further inroads in Australia's land and beef industry and that the deal will continue to be highly scrutinized.

Source: *The Guardian*



Expiring land use rights What can we expect?



By Sean Linkletter, Research Analyst, JLL Tianjin

Origins and benefits of the Property Law

The origin of the current land use system in China stems from an amendment to Article 10 of the Constitution of the People's Republic of China, made in 1988, allowing for private ownership of land use rights nationwide. The new law helped shift the responsibility of home construction and property management from the government onto real estate developers, while gradually easing an urban housing shortage by permitting the commoditisation of home building.

Under the new system, all land is still technically owned by the state, but land use rights can be purchased privately as leasehold title – meaning ownership of land or property over a fixed period – and are also transferable to a third party. There is no freehold title – meaning private ownership of land or property in perpetuity – in China and according to law, the government still maintains the right to reclaim the land and pay appropriate compensation to the land user in cases related to the common good.

How does the leasehold system in China differ from other countries?

Although at its core China's leasehold system resembles other leasehold systems in Malaysia, Singapore and the United Kingdom, there are some differences. Unlike in the UK system, leaseholders in China do not pay an annual ground rent to a freeholder – land or property owner who holds the legal title. While this sounds complex, it roughly translates to the fact that the government does not levy an annual fee on land use rights in China. Leasing terms also vary: Malaysian leasehold terms of all types are typically 30-years while in Singapore, terms range from 30 to 999 years. In China, leasehold terms depend on the property type, and range from 40-50 years for industrial and commercial land to 70 years for residential. The question is – what happens after that?

Usage	Use Period
Residential	70 years
Office	50 years
Retail & wholesale, tourism, recreational	40 years
Industrial	50 years
Educational, scientific, cultural, public health, physical education	50 years
Mixed-use	50 years

Source: JLL Asia Pacific Property Investment Guide 2016

What should we expect from governments moving forward?

However, we recognise that all of the above examples were special cases of 20- to 30-year lease terms and not a meaningful precedent for the rest of the country. There is no reason to expect renewal fees to be onerous or prohibitive. Charging exorbitant fees would be economically destructive and run counter to the goals of maintaining social stability and economic growth. Refusing the right to renewal would be similarly destructive, as most Chinese citizens still hold the majority of their wealth in property. Therefore, it seems to be in the best interest of everyone to preserve the inheritability of real estate assets.

While we expect municipal governments to streamline the renewal process to lessen the economic burden on homeowners and encourage more investment, the expiration of land use rights provides them with unique opportunities. For one, expiration of land use rights allows governments to maintain the option of revitalising urban areas by repurposing obsolete or distressed properties that are not economically productive or have surpassed their productive life. The termination of

50-year leaseholds on industrial land in core areas is another possibility, allowing governments, owners and investors to transfer ownership to developers, who can better utilise the land.

In China, leasehold terms depend on the property type, and range from 40-50 years for industrial and commercial land to 70 years for residential.

Land lease expiration also provides municipal governments with an opportunity to implement new tax policies. At present, local governments rely largely on one-off sources of tax revenue – from the sale of the land itself to stamp duties on the aggregate value of commercial leases. Leasehold renewals provide an opportunity to collect ongoing revenue and even to establish a property value on which annual property taxes could be more widely assessed.

We believe that the government will strike an appropriate balance between public revenue and social stability. Prompt implementation of a clear policy on the renewal of land use rights will undoubtedly benefit the Chinese economy and society as a whole. **E**

Shenzhen

Shenzhen was the first city to allow the use of state-owned land for a fixed number of years in the 1980s. The then-prevailing pilot programme for land administration allowed for allocation by governments and state-owned enterprises of land use rights to private owners for 20, 30 or 50 years depending on the usage. While leasing terms differed slightly from the current regime, the pilot programme set the precedent of private ownership of land use rights for the rest of the country.

Various land plots began to reach expiration in the 2000s and the Shenzhen municipal government published a local renewal policy in 2004 to extend land use rights allocated during the pilot programme to fit the national standards (e.g. 20-year office land granted a 30-year extension for a total of 50 years). Under this policy, the land user could apply for an extension without usage change if they pay a renewal fee based on the benchmark land price – the initial auction price on the land set by the local government.



Specifics for extension of land use rights remain clouded

Put into effect on October 1st, 2007, Article 149 of the Property Law reassures owners of 70-year residential property that their leaseholds will be renewed upon expiration. However, the Property Law did not specify the basis for renewal fees or list any provisions for the renewal of commercial, industrial or recreational property. For most of the country, the earliest commercial leasehold properties are set to expire sometime around 2030.

What are the risks for the market?

The uncertainty left after the Property Law has caused some investors to speculate as to whether the government will repossess commercial land upon expiration (i.e. large-scale expropriation) or charge exorbitant renewal fees that could negatively affect property prices. A study of reports and announcements made by mainland-listed REITs reveals two primary risk factors concerning the future value of leasehold property – uncertainty surrounding renewal costs and the uncertainty of the renewal procedure.

Properties with only a short term remaining on their leasehold may suffer from a lack of liquidity. Sellers and potential purchasers may have differing views on the renewal procedure and be unable to come to a consensus on pricing. Institutional investors, which commonly have five to ten-year holding periods, will face exit-risk – the risk of being unable to sell the property – once the remainder of a leasehold becomes shorter than its desired holding period.

The lack of a clear policy also threatens the financial system as a whole. Properties serving as mortgage collateral may see their liquidity deteriorate as their leaseholds get closer to expiration, forcing banks to place their bets on the renewal policy and re-evaluate the quality of the collateral. This could undermine the accuracy of property values on bank balance sheets, as any valuation will inevitably reflect the appraisers' speculations on renewal policy.

So far, policies for renewal remain localised

Some Chinese cities that sold land use rights with shorter terms than the national standard have been faced with expiring land use rights. This has led municipal governments to draft local policies to confront the issue.

Qingdao

In the coastal city of Qingdao, several residential properties reached expiration in 2011 after being granted 20-year leases in the late 1990s. According to local news sources, the properties have continued trading despite reaching expiration and the municipal government is still awaiting instruction from central authorities for an extension of the land use rights.

Wenzhou

In the eastern city of Wenzhou, several residential properties on special 20-25 year leaseholds reached expiration in early 2016, prompting the municipal government to ask for renewal fees equivalent to 33% or more of the home value if the owners wanted to keep the property, according to Mingtiandi, a property website. A later report by ifeng.com revealed that the renewal fees were calculated as the appraised value of the unit land price (on a per square meter basis) multiplied by the unit area. Using this method, the owner of a property worth RMB 24,000 per sqm would thus need to hand over a renewal fee of 33% his total home value if the land in which his property sits was appraised at just RMB 8,000 per square meter. The curiously high renewal fees brought public attention to the renewal policy and the effect it might have on the wealth of homeowners nationwide.

Compiled by Sean Linkletter, Analyst, Research, JLL with the input of JLL Valuation Advisory Services (VAS):

JLL's Valuation Advisory Services team provides professional valuation and property consultancy advice to suit your real estate needs. Our team has a proven track record in working with both local and multinational clients in the People's Republic of China (including Hong Kong and Macau) and across Asia. VAS can be contacted at: Alkan.Au at ap.jll.com

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GEOGRAPHIC

INDICATIONS

IN CHINA

Champagne or Sparkling Wine?

By China IPR SME Helpdesk

What is a Geographic Indication (GI)?

“Champagne”, “Bordeaux”, “Parma Ham”, “Parmesan”. Each of these products is associated with a specific region and is renowned and trusted for its nature, quality and authenticity. As a consumer, you are probably more familiar with “Scotch”, “Cognac” and “Bavarian beer” than unnamed brands claiming to use the same ingredients. A GI is therefore a labelling that identifies a good as originating in a specific territory, region or locality, where characteristics of the good are associated with its place of origin.

GIs are protected by World Trade Organization (WTO) signatories, including all 28 European Union (EU) Member States (MS) and China – since 2001. This is designed to prevent unfair competition and to protect consumers from purchasing goods that misleadingly claim to be from a particular place.

Endnote

1. <http://www.chinabusinessreview.com/understanding-chinese-consumers/>
2. <http://www.youripinsider.eu/marking-territory-choosing-registering-trade-mark-china/>
3. http://www.china-iprhelpdesk.eu/sites/all/docs/publications/EN_GI_online.pdf

Made in China?

China's middle class is growing; as has its appetite for imported – predominantly Western – products. Younger generations spend significantly less time cooking than their parents did and are increasingly quality and status conscious. In addition, food safety concerns in recent years have encouraged Chinese shoppers to more carefully consider the origin of products that they consume. Purchasing patterns have therefore experienced a significant shift. Regarding food, large numbers of Chinese people are purchasing brands that are recognised for their quality and food safety standards – this has stimulated a rise in sales of Western goods. Similarly, while sales of traditional alcoholic drinks, like baijiu, still dominate in many places, individuals in wealthy Tier 1 cities are increasingly opting for higher-end Western wines, beers and spirits.¹

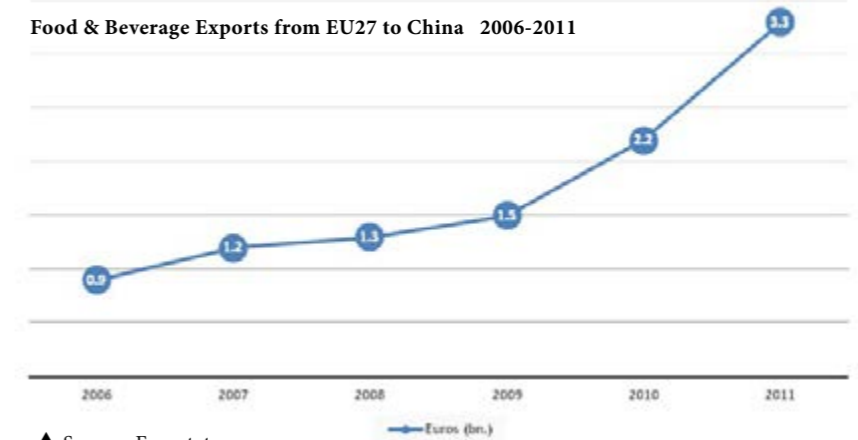
China is now the world's largest importer of food and the EU is its largest exporter of food & beverages, with F&B exports to China having been worth EUR 10.3 billion in 2015. The current social and economic climate in the food and beverage industry therefore provides fertile ground for counterfeiters and infringers. If you intend to export products from a specific geographic region, obtaining GI registration can provide necessary evidence of your product's origin which will build trust for your brand among domestic consumers.

Covering your back – registering a GI in China

There are four key steps to protecting your GI in China. These are:

1. Contacting your GI organisation: This is the organisation that regulates your specific GI, such as

Food & Beverage Exports from EU27 to China 2006-2011



▲ Source: Eurostat

the Bordeaux Wine Council. Your GI organisation can be used to check whether a GI for your product is already protected in China. If it is, you can apply for a User Permit for your product.

2. Recommending that your GI organisation registers the GI as a certification or a collective mark: This step should be used in the event that your GI is not already registered in China. Under Chinese Trademark Law, GIs can be registered as certification or collective marks. Chinese Trademark Law only protects your GI if it is registered – so it is strongly recommended that this is done as soon as possible to protect your product from imitations. A GI can be a geographic name (e.g. “Roquefort” blue cheese), a symbol or logo (e.g. a picture of the Leaning Tower of Pisa), the outline of a geographic area (e.g. a map of Paris), or anything else that identifies a product with a source region. However, if your name or sign resembles a national flag or emblem, you need to consult the relevant country's government.

Don't forget to create a Chinese translation of your GI. To find out why, read our blog post on how to choose a Chinese trade mark here². Further details on registration of GI applications and when to use a certificate or collective mark can be found in our comprehensive GI guide³.

3. Registering for GI protection at the AQSIQ: For extra protection regarding product quality standards, your GI organisation can register with the AQSIQ. This double approach will ensure that your product receives maximum GI protection in China.

4. Monitoring your supply chain: To be able to enforce your GI rights, you first need to know when your rights have been infringed. Ensure that you are closely monitoring your supply chain to guarantee that your sales staff, distributors and intermediaries are selling your authentic products. Supply chain infiltration can severely harm your reputation and undermine your business. It is also important to be aware of what is happening in the market. If you discover copycat products infringing your GI, inform your GI organisation as soon as possible. **B**

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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.



Is CSR becoming increasingly important in marketing?

By Aaron Low / Copy-Edited by Annie Ly

There is no denying that many companies worldwide are increasingly recognising the importance of Corporate Social Responsibility (CSR) as they face backlash from consumers who dislike companies that abuse child labour or cause environmental degradation. Nike's sweatshops is just one of many such criticised practices. Consumers now want to see that business has a role in society too. Generally, there are 4 main components of CSR: economic, legal, ethical and altruistic and all stakeholders have to be considered when a company engages in CSR activities pertaining to these four areas. Numerous examples of CSR efforts in marketing abound globally, especially among multinational corporations. So the question arises: does CSR play an important role in marketing? Do these efforts pay off? The answer seems to be 'yes' from various studies. We look at 3 aspects of CSR in marketing, delineating its importance.

1. GOOD ACT IN ITSELF

Michael E. Porter of Harvard Business School once said, "Brands can do well by doing good." It seems that he was right. According to a report by Business for Social Responsibility (BSR), CSR principles resonated with brands' customers by inducing loyalty and trust. A recent study from Cone revealed that a staggering 91% of customers would like to hear about a company's

CSR and progress, suggesting that customers seek a deeper connection beyond traditional marketing.

Being socially responsible as a company can also serve to improve its image, strengthen its brand and even raise its stock value. For this, the value of transparency is key and should not be overlooked. The lesson is simple; invite customers to

see that you are a company that cares and realise that honesty is a highly sought-after characteristic in the modern day. All in all, it has been proved that a well-rounded strategic CSR programme ultimately benefits the company from the competitive advantage that CSR offers and companies who do not have CSR practices stand to suffer from a competitive disadvantage.



2. ENGAGEMENT OF CUSTOMERS/EMOTIONAL APPEAL

Cause-related marketing, in which CSR initiatives feature in, is a vital tool in appealing to new customers by engaging them. This marketing technique is said to establish a connection between customers' purchases and the beneficiary to which some money will be channeled to. Such a promotional tool also taps on to the emotions of customers and entices them to purchase the products in question. Companies stand to enjoy a better return on investment (ROI) by having such CSR initiatives incorporated in cause-related marketing and also possibly be ahead of competitors.

One way in which to successfully achieve this deeper connection through promotion of company CSR practices is the use of audience empowerment to drive engagement. Inviting customers to give feedback about the company's social responsibility empowers customers to provide inputs. It works as an effective marketing tool which promotes a positive reputation at the hands of the customer. Besides, incorporating CSR in marketing gets people talking and sharing more about the ethical practices that a company has, which naturally then leads to more attention on the company and the possibility of increased sales.

However, the ethical issues that the company focus on must seem

to be "identifiable" with customers, such that they also see the good in focusing on that particular issue. Procter and Gamble, for example, found that its stakeholders used to have a limited understanding of the firm's CSR initiatives and did not find them relevant. After changing their CSR initiatives to a stakeholder-centric approach, their customers and employees had greater pride in being affiliated with the company and employee and customer loyalty rose. Engaging customers is hence a critical part in CSR marketing strategies.

3. CLEAR PURPOSE

Finally, when engaging in CSR efforts as a marketing tool, it is pivotal that a company does not forget about having a clear purpose and a correct cause. Some companies face backlash from the media accusing them of greenwashing (feigning interest in social responsibility) just to deceive customers and 'project a good outer image' when in reality morally questionable practices may still be conducted by them behind closed doors.

An example of CSR effort embedded in marketing that is largely regarded to be successful is Coca Cola India's 'Support My School' campaign. This campaign focuses on a universal cause with Coca Cola obviously having a very clear purpose in mind. By engaging with its audience (kids in rural schools) and supporting

them with resources, it subliminally promotes its brand to these kids who can be their future customers.

So how should a company ensure that its CSR has a clear purpose behind it to prevent greenwashing accusations by others? Perhaps these four points should be borne in mind when a company decides on embarking on a CSR program or initiative:

1. Meaningfulness and sustainable impact of programme on stakeholders
2. Whether the program draws upon the company strengths and resources
3. Level of engagement with stakeholders and the media
4. Whether it makes a positive difference to people and the planet

Broadly speaking, a CSR initiative which encompasses the above four points shows a very clear purpose and is likely to yield positive results for the company. **B**

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The New Era on Administration of Foreign-Invested Enterprises (PART II)



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3. Significance of record-filing regime

The reform from approval regime to record-filing regime has been considered as a nationwide revolutionary change in the administration of FIEs. Its significance can be seen from the following aspects:

3.1 Nature of record-filing regime

Article 5 of Interim Measures provides that record-filing for incorporation of FIEs can be made either prior to or within thirty (30) days after the issuance of business license. Article 6 provides that record-filing for amendment of foreign-invested enterprise shall be made within thirty (30) days upon the occurrence of change via comprehensive administrative system online. Article 20 provides that upon completion of record-filing, a "Record-Filing Receipt" may be issued to the foreign-invested enterprise upon request.

Therefore, unlike administrative permission, we understand that record-filing regime is supervision and administration informative in nature. Hence, it shall not be treated as a pre-condition to incorporation and/or amendment of the FIEs.

3.2 Requirement of penetrating management

It is required in Articles 5 and 6 of Interim Measures and its Annexes, the Application Form for Establishment of FIEs and Application Form for Amendment of FIEs that the information of ultimate controller of FIEs and ultimate controller of FIEs' investors shall be disclosed.

The term "ultimate controller" means a natural person, enterprise, government agency or international organization that is ultimately controlled directly or indirectly by means of shares, contracts, trusts or other means (in short exhaustively possible), i.e. the actual controller needs to be traced back to the legal subject at the uppermost level. If the ultimate controller is from overseas, he shall be traced back to overseas listed companies, overseas natural persons, foreign government agencies or international organizations (including government fund); if the ultimate controller is domestic, he shall be traced back to domestic listed companies, domestic natural persons or state-owned/collectively-owned enterprises.

It is noted that due to information sharing between the record-filing authority and tax authorities, if the non-resident enterprise indirectly transfers the equity of FIEs and results in changing the ultimate controller of FIEs, the tax authority will determine whether the indirect transfer of FIEs is with reasonable commercial purposes. If it does not have a reasonable commercial purpose, the tax authority has the right to re-determine the nature of indirect equity transfer which could be recognized as a direct transfer of FIEs equity and therefore enterprise income tax may be imposed on the income of equity transfer.

3.3 Post-mortem supervision mechanism

In order to enhance post-mortem supervision, Interim Measures requires that the competent commerce departments and relevant administrative departments of public security, state-owned assets, customs, tax, industry and commerce, securities and foreign exchange should closely cooperate and coordinate to strengthen information sharing. If competent commerce departments find, in the process of supervision and inspection, any illegal behaviours of FIEs or their investors which do not fall within the scope of their administrative responsibilities, they should promptly inform the departments concerned.

It is important that integrity information of FIEs and their investors found out in the process of supervision and inspection by the competent commerce departments and other responsible departments shall be kept in the foreign investment integrity records system of the Ministry of Commerce. Among others, in case of any failure to carry out record-filing, any inauthentic record-filing, lack of cooperation concerning supervision and

inspection, or refusal to implement administrative penalty decisions made by the competent commerce departments, the competent commerce departments shall disclose the integrity information via foreign investment information disclosure platform of the Ministry of Commerce.

3.4 Legal liability


Article 24 of Interim Measures provides that if the FIEs or its investor violate the obligation of record-filing regime, the FIEs shall be ordered to make correction within the limited time. If circumstances are serious, it shall be fined not less than one time but not more than three times of illegal income, but no more than RMB 30,000.

Furthermore, Articles 25 and 26 of Interim Measures provide spaces for concurrent penalties if the FIEs or its investor engage in business in limited or prohibited business sectors without obtaining prior approval, apart from the measures indicated in Article 24. In case of violation of other laws and regulations, the relevant departments shall investigate the corresponding legal liabilities.

4. Conclusion

When Interim Measures takes effect, the administration of FIEs has entered into a new era which is under the mode of national treatment plus Negative List management mechanism. The record-filing regime has been considered as an important measure taking into account the new steps of China's reform and opening-up of domestic market, which shows that China has undertaken its responsibilities as one of the largest developed countries in the course of global integration.

Although China has made a significant step on the administration of FIEs, we are still far away from the legislative aim of unified rules on FIEs administration. We hope this reform will provide impetus to the release and implementation of Foreign Investment Law in the near future.

As always, Garrigues will keep close eyes on the practice and further development of the FIEs administration laws and regulations and keep you posted. 



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Emerging HR trends of 2017

By Betsy Taylor

As the year is just about to start, emerging HR trends are discussed among HR professionals. However, emerging trends bring their own management challenges. Although it is not an easy task to stay updated with new trends or to set new ones, HR specialists need to be aware of the trend curve to stay ahead and prepared to cope up with whatever 2017 will bring. It is beneficial for organizations to keep an eye on the shifts and changes in the HR sector that are likely to take place over the next year.

There are several factors that may have an impact on the HR functions such as advanced technology, big data and most importantly, social media. HR professionals should be expected to be prepared to deal with upcoming changes in trends due to certain factors. The impact is observed on HR activities like selection and recruitment, employee experience and engagement and Performance Management System.

As social media and new technologies are having an impact on many HR activities, therefore, the main focus lies on performance reviews and their effect on employee engagement, benefits and compensation. Let us have a look at some of the emerging HR trends of 2017.

PARTNERSHIP WITHIN BUSINESS

HR specialists are working hard to change administrative roles to strategic ones in order to move away from monotonous routine work. HR specialists hold important value in the business as true partners who are willing to grow and expand the business. However, the role of HR business partner has gained popularity in the past few years and hence, requires more focus. It is expected that in 2017, more HR roles will be seen in executive positions to be able to add strategic value to the business.

DATA REQUIREMENTS

The concept of "big data" has become challenging for most businesses as it requires enhanced skills to collect, process and then analyse the information. One of the most critical tasks for a business is to analyse the data. Therefore, there is a need for advanced HR systems and processes. Businesses are required to learn to analyse big data as well as to manage the on-going challenges along with it. Data driven insights allow businesses to gain competitive advantage in the market as well as improve HR functions.



EMPLOYEE ENGAGEMENT

Firstly, you must have qualified and capable leaders to inspire their teams towards success. One of the best ways to keep employees motivated towards the ultimate goal of the organization is to keep the employees engaged. Skilled employees are an asset to the business and in order to retain them, organizations need to create goals that are mutual in interest. The key is to keep employees and their needs first. Therefore, the management needs to give priority to employee engagement and culture in 2017 business objectives.

FOCUS ON WELL-BEING

HR is no more bound to take care of only the employee engagement, compensation and benefit, motivation and retention issues. It is now a trend to focus on the well-being of your employees. This includes the well-being of employee's mental, emotional and physical health within the organization. Companies are offering healthcare services and counseling services to their employees for ensuring their well-being.

FLEXIBLE WORKFORCE

With advanced technology and increased globalization, employees demand flexibility in work timings as well as in work spaces. Remote working has become a trend nowadays where roles and teams have become remote. Businesses are using this trend to their advantage by managing it effectively. Virtual work gives the benefit of flexible working hours and working space. Employees are able to work from anywhere other than the office and this gives them the advantage of staying at home or going to a vacation but still working remotely. This enables the employees to manage their professional and personal lives simultaneously.

Therefore, by identifying the emerging trends in HR, understanding compliance issues within the trends, studying the impact of advanced technology and systems on HR processes and procedures and learning about new



ways of doing work, businesses are preparing to succeed in the year 2017. HR technology is growing at a rapid pace due to which it is challenging

The key is to keep employees and their needs first.

for organizations to keep up with new and emerging trends. However, technology has enabled increased HR support and interaction towards their employees. Use of

mobile apps and cloud in the HR industry has been the latest trend. Continuous learning processes allow companies to cope up with challenges and be a part of the trend. The approach to management has been changed from Talent Management to People Management. Instead of managing people in groups, now HR is able to manage staff at an individual level. **E**

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SAT and SAFE refine the interim and post administration mechanism by establishing information sharing system



Kelvin Lee, PwC Tianjin

In brief

The Memorandum on promoting the information sharing mechanism and implementation of joint supervision¹ ("the Memorandum") was signed by the State Administration of Taxation (SAT) and State Administration of Foreign Exchange (SAFE) on 14th November, 2016, in Beijing. According to the Memorandum, SAT and SAFE will monitor and assess the export tax refund, cross-border tax source and forex collection and remittance in order to achieve the purpose of information exchange, cross supervision

Via the information exchange platform between two sides, SAT and SAFE are able to share tax collection and forex information.

and outcome sharing between the two sides. Via the information sharing platform of tax collection and forex administration, tax bureaus will have a better understanding of the enterprises' cross-border business and its relevant tax issues which in turn would facilitate enhancing their supervision.

Detailed information regarding method of information sharing, frequency of information exchange and how the two platforms of SAT and SAFE interface with each other under the principle of the Memorandum needs to be further clarified. Meanwhile, it is anticipated that the process of tax matters relating to forex would be simplified.

We will briefly introduce how the information sharing mechanisms of SAT and SAFE would push for a more strict supervision, analyse the

impact of information sharing on tax payers, look forward to the relevant implementation rules and share our observations and views.

In detail

Background

With the accelerating process of economic globalisation and substantial growth on quantity and size of enterprises' forex related tax matters in China, the cross-border tax issue has become a hot topic of the Chinese tax authority and the international community.

To strengthen information sharing between two sides and to improve the interim and post administration mechanism as well as to implement the joint incentive and punishment on taxpayers, SAT and SAFE concluded the Memorandum on promoting the information sharing mechanism and implementation of joint supervision on 14th November 2016 in Beijing.

According to the limited information disclosed on public channel, SAT and SAFE will focus on monitoring and assessing those aspects in respect of export tax refund, cross-border tax source and forex collection and



bureaus for endorsement and obtain the Record Filing Form for Cross-Border Remittance Regarding Services and Trading².

Although SAT and SAFE have established some platforms for information exchange, they have not built up a systemic information sharing mechanism due to some reasons. However, the conclusion of the Memorandum filled this gap and prompted the two sides to exchange information in a systematic and normalised manner.

remittance to achieve the purpose of information exchange, cross supervision and outcome sharing between two sides.

Information sharing supports supervision

Before concluding the Memorandum, information of taxation and forex had been broadly exchanged to ensure the national tax collection work to be carried out in an orderly manner. On one hand, the forex information is the pre-condition to do the relevant tax treatment. For example, export tax refund mechanism requires information sharing of forex collection and export tax refund; while before the forex system of trade in goods was reformed, obtaining forex verification sheet from SAFE was necessary to apply for export tax refund.

On the other hand, SAFE (or banks) may not proceed to cross-border business until enterprises clear the tax payable with the in-charge tax bureaus. For example, pursuant to SAT and SAFE Public Notice [2013] No.40 which stipulates that domestic institutions and individuals who remit forex payments more than equivalent of USD 50,000 must perform record-filing to the in-charge local state tax

Via the information exchange platform between two sides, SAT and SAFE are able to share tax collection and forex information, to an extent, enriching the tax and forex data of each side. In this regard, the tax bureaus should be able to understand the enterprises' cross-border transaction, identify the relevant tax issues and enhance their supervision on certain matters.

From a long-term perspective, the Memorandums will have a positive effect on big data collection and analysis on economic activities. As a result, SAT and SAFE are able to understand the innovative changes of the enterprise and to summarise the frequent tax or forex issues rising through utilising the shared information which may facilitate formulation of policies in future.

The takeaway

The conclusion of the Memorandum will significantly enhance information transparency of taxpayers. With the increasingly extensive information of cross-border business obtained by the tax authority, the tax authority

will strengthen the supervision on tax related matters. In this regard, the enterprises will be subject to more strict supervision and also face more challenges to be in compliance from tax perspective.

We have witnessed that the in-charge tax authority collected data of cross-border payments from SAFE reporting system, and more specifically, it included the exact the payment date, payment amount, recipient and even the transaction notes. Based on such information, the tax authority was able to raise their inquiries and investigate each payment in respect of whether the taxes have been paid appropriately.

In addition, tax bureaus were able to monitor the area where they lacked such capability before. For instance, it may be possible in future for tax bureaus to identify and handle the tax issues in an efficient manner with respect of round-trip investments through special purpose vehicles³ by collecting forex registration information.

Pursuant to the principle of Memorandum, the detailed implementation rules regarding the method of information sharing, frequency of information exchange and how the two platforms of SAT and SAFE interface with each other remains to be further clarified. Meanwhile, in context of open and direct way of information sharing, whether the process of tax matters relating to forex (e.g. record-filing for cross-border payments) could be simplified or not is yet to be decided. **B**

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Endnote

1. Sourced from SAT website: <http://www.chinatax.gov.cn/n810219/n810729/n811748/c2353068/content.html>
2. For details, please refers to The Public Notice Jointly Issued by the SAT and SAFE Clarifying Certain Issues on Tax Record-filing in Remitting Outward Payment for Service (Public Notice [2013]No. 40)
3. For details, please refers to Notice Issued by the SAFE Simplifying Certain Matters Related to the Foreign Exchange Administration on Outbound Financing, Outbound Investment and Round-tripping Investment by Chinese Residents through Special Purpose Vehicles (Huifa[2014]No. 37)



Revolution of Smartwatches An Unsuccessful Attempt or A Smartphone 'Killer'?

By Max Rogers

The appearance of smartwatches on the market of electronic devices looks like a real revolution. In a comparatively short period of time, these devices became pretty popular: from less than a million items shipped per year this market has grown to about 50 million sales in 2016. According to the Business Insider forecast, the trend will go on, hitting the 70 million mark in 2021.

While the number of sales is on the rise, the companies developing new devices invest billions into their research and development. Why do they do it? Are the smartwatches just another unsuccessful product which is being advertised hard or is it a real 'killer' for the smartphones market?

The first smartwatches

Can you guess the year when the first Smartwatch was launched? Majority of people would probably say that it happened in 2015 or in 2014. Maybe someone would suggest that it was released in 2012 or so. But all of these people would be wrong. The first smartwatch is considered to be the product of Samsung, named SPH-WP10. It was equipped with a monochrome LCD display, radio speaker, microphone and antenna.

The next year IBM released its smartwatch model based on the Linux OS. It had even more promising specifications, which included an accelerometer, 12 MB of memory, the vibrating mechanism and a touch-sensitive monochrome display. It was about 16 years ago.

The Apple phenomenon

No need to say that the modern smartwatches, like Apple Watch, have much bigger storage (8Gb and more). They are also equipped with different fitness options, like the heart rate sensor or the steps counter. We know about them but we did hear nothing about, let's say, Sony Ericsson LiveView that was launched in 2010.

This fact shows that it was not the invention of such kind of a device, like the wearable gadget with the smartphone's functions inside which made this revolution. We had these watches even before tablets became so popular. The 'revolution' itself happened when Apple released its product and when the attention of the broad audience was focused on the wearable and stylish PC on our wrist.

The 'revolution' itself happened when Apple released its product.

Another interesting fact confirms this suggestion. The well known Apple Watch was released in the beginning of 2015. About 34 million devices were sold in the first year after its release. The worse known Samsung Galaxy Gear was presented in September 2013. Two months later Reuters, mentioning the sources in Samsung, claimed that about 800,000 items of new Gears had been sold. Even if this information is true, it means that no more than 4-5 million watches by Samsung could have been sold in the first year of sales. The difference is dramatic, isn't it?

Other smartwatches manufacturers

Apple and Samsung are not the only participants of the smartwatch market struggle. In 2014 LG released its G Watch. The device is based on Android Wear, a platform developed for working with smartwatches. It has got a Qualcomm Snapdragon 400 chip, a quad-core (with 1.2 GHz frequency), 512 Mb of the memory and 4 Gb of storage. The device supported Google Play and Google Now. It was also equipped with a water- and dust-resistant body.

In the same 2014, Motorola released its smartwatch named 360. It used TI OMAP 3 chip, had 512 Mb of memory, 4 Gb storage capacity and an LCD 320x290 pixels display.

Several companies, including Microsoft, Acer, Toshiba, Sony, BlackBerry and so on were also developing and releasing some wearable 'smart' devices in recent years. Even some small companies, funded with Kickstarter campaign, like Pebble, appeared on the horizon. By the way, the last one managed to sell about 1,000,000 watches in 2014.

Will smartwatches replace the smartphones?

When the wearable smart devices market boomed in 2015, many people forecasted that smartwatches would replace smartphones in the next 5 to 10 years. This was reasoned with the functionality of the watches, their simplicity and compactness. However, this suggestion seems not so real.

Smartwatches will be additive to smartphones. The synchronization of Apple Watch with Apple iPhone 6 is the best example for this. These devices have different spheres of usage. Besides, smartwatches have their own

issues that are to be solved by the suppliers. The short battery life is one of them.

It is obvious that the tiny screens of smartwatches won't be able to replace the display of a mobile phone and the same principle can't work with tablets. That's why brands like Apple and Samsung may not be worried about the decreasing demand.



What should we expect from the smartwatch market in 10-20 years?

On the other hand, we can't predict what smartwatches will look like in 10 years. The same thing could be said about these devices in 20 years. That's why it is impossible to make such kind of forecasting for such a dynamic market.

It can be claimed for sure that the market of wearable smart devices itself will continue to grow, presenting us with some new features and functions and hitting new records in the volume of sales. The only way is to wait and watch. **E**

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Entrepreneurship accelerator program and its advantages



Marwan Emile Faddoul
(Managing Partner
Qadisha Consulting)

Over the past few years China has seen the rise of entrepreneurship. Many ambitious students and young entrepreneurs have been taking the risk of starting their own companies and developing their ideas. These startups have boosted the creativity and innovation within the Chinese economy and have pushed companies to improve their products and their sustainability. Nonetheless, more than 87 percent of these newly established companies have failed, so how to reduce this failure? How can the entrepreneurs be helped to improve, grow bigger and build a well-structured company that will survive for the years to come?

To answer these questions, I will share with you a conversation I had with Eric, an old friend of mine who wanted to help entrepreneurs build their business and yet didn't know which channel to guide them through.

Eric is a well-connected business man and an MBA professor at one of the top reputed universities in Tianjin. About a week ago we met for coffee and during our discussion he looked at me and said: "Marwan, many of my students have amazing business

ideas that they care to turn into a profitable business, some of them have already opened their own companies, yet lack proper guidance, connection and capital to move forward with their business", he kept silent for few minutes then continued: "I am seriously considering putting them in contact with the incubators that I know ...or do you think it is better to help them join an accelerator program?"

It was a sunny day, I asked Eric to finish his coffee and take a walk with me in the park. While walking I told Eric: "There are a lot of similarities yet many important elements that differentiate a business accelerator with a business incubator, before I share any of these things, let me remind you of what you already know."

Here I reminded Eric of the current situation in China, where the Chinese government as well as many private and public institutions established incubators to support entrepreneurs and encourage young talented people to open their companies.

I told Eric: "The number of incubators has doubled over the past 5 years, with more than 80,000 incubated companies in their facilities as of this year. However, despite this rapid growth

many incubators faced massive failure, primarily because of weak internal structure and management performance."

I proceeded: "Unfortunately, most incubators in China rely primarily on renting their facilities and pay less attention to important criteria, like attracting talented people, developing their ideas and helping them get funded."

At the end of my conversation, Eric shook his head and said: "Yes! You are right, but I know some incubators do provide technical and management know-how, is it the same for accelerator?"

I replied: "As for similarities, both incubators and accelerators help firms grow by providing guidance and mentorship, but in slightly different ways and more importantly at different stages in the life of the business. To explain this process in a simpler way, let's draw an analogy and say that the life of a business is like the life of a human being. There are roughly three major stages of life: childhood, adolescence and adulthood.

A successful accelerator program like our QAP, should have the proper program, proper connection to investors and most importantly the proper mentors.

Like a father to a child, an incubator provides shelter where the child can feel safe and learn how to walk and talk by offering office space, business skills training and access to financing and professional networks. The incubator nurtures the business throughout the startup phase and provides all the necessary tools and advice for the business to stand on its own feet.

However, while learning to stand on its own is a great entrepreneurial achievement, the walk through adolescence is often difficult and filled with challenges and the need

for guidance is far from over. As any parent knows, guiding a teenager through adolescence is perhaps the most trying period in that person's life, as the adolescent gains a sense of self and identity. One major challenge facing most companies who operate on the verge between childhood and adolescence is that sooner or later, they get stuck in the trenches of day-to-day operations and more often fail to incorporate long-term strategic planning in the development of the business. In such a scenario and during this phase, the company may lose track of its unique identity."

I moved forward with my conversation. "Eric, it is at this critical point in the business life cycle that most incubator programs end, as the firm is technically ready to spread its wings. Nonetheless, the journey towards sustained growth is not nearly finished. Often it becomes necessary to receive advice and guidance from a business accelerator. By means of acceleration services, usually in the form of "acceleration programs", business accelerators help companies get through adolescence and prepare them for entering adulthood, providing them with strong arms and legs, sound values and a clear mindset



for future. In other words, while incubators help companies stand and walk, accelerators teach companies to run.”

Eric stopped me and said: “okay but what is the process of accelerator?” I explained to him saying: “You know incubator programs last for varying durations and include several forms of mentorship and support and nurture the business for the time it takes for it to get on its feet, sometimes for many years. On the other hand, a business acceleration program usually lasts between 3-6 months. The emphasis of business accelerator is on rapid growth, and to sort out all organizational, operational and strategic difficulties that might be staring the business in its face. It can be understood as a holistic business advisory service, often bearing strong resemblance to traditional management consulting practices, but adjusted to fit small and medium sized organizations.”

I went back to an old question Eric mentioned and told him: “In China many incubators do provide office space, the basic knowledge to start a business and sometimes access to technology. However, most incubators lack essential criteria that a business accelerator handles, they lack the capacity to foster rapid growth, to help companies become better and stronger in a shorter period of time, which will in turn attract strong investors and increase the chance of positive return on investment. Moreover, the accelerator program provides an enormous network effect by connecting you and your students with the right people and by building an innovative community.”

Before I reached my conclusion on this topic I said: “A successful accelerator program should have the proper outline, proper connection to investors and most importantly proper mentors. Mentors that have years of experience under their belt and mentors who are entrepreneurs

are best-suited for this task. The accelerator program is a new concept especially in China, therefore you need to identify the proper program to work with” I gave him the example of Y Combinator, the top accelerator program in the US, I even told him how they work, what are their mentors and how they were able to turn a small company into a multinational business just like Dropbox, and Airbnb”

In conclusion, I told Eric that the choice of incubator and accelerator depends on the business his students are aiming to establish as well as the stage they are into. Personally I consider it is always a good idea to establish a company within an incubator yet in parallel to take part in an accelerator program. **E**

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Official Opening Ceremony @ Tianjin International Trade Centre Mall



The official opening ceremony of Tianjin International Trade Centre Mall (ITC Mall) was held in the morning of December 10th, 2016, witnessed by leaders of CapitaLand's retailers, partners and shoppers. Apart from great sales promotions and special gifts, the mall held a spectacular gala show.

Located in the Xiaobailou area of Tianjin's core business district, ITC Mall is surrounded by retail and office buildings, close to one of the city's most important tourist attractions - the Five Avenues, and with direct access to subway line 1. ITC Mall has become a haven for fashion-conscious, savvy shoppers due to its exciting array of trendy dining concepts and international fashion brands.

In order to provide a quality shopping experience in modern cosmopolitan setting, ITC Mall has created a great variety of dining options, including outlets like Mother's Taste, Jingge Laozao Hot Pot, Chuan Fu Lao Ma Restaurant, Yu Ku, Nanjing Impression, and Shotamuni Restaurant, which has filled the area's gap of food and beverage offerings. The mall also houses a rich combination of popular international fashion brands like Levi's, Miss Sixty, Evisu, Adidas Originals, GUESS and Charles & Keith. Other key tenants such as Etude House, Chocolate, 7.Modifier, Vero Moda, Me & City, Mighty Source, ACACIA, Under Armour, and LensCrafters have proven to be a huge draw for both white-collar and family shoppers.

Chin Phei Chen, Regional General Manager, North China of CapitaLand China, said: "As an important part of CapitaLand's strategy in North China, ITC Mall will improve the retail offerings of Xiaobailou area, as well as stimulate regional economic development."



20.11.2016 The European Chamber Tianjin Chapter 2016 Badminton Tournament

The European Chamber held the 2016 Badminton Tournament in Tianjin on 20th November 2016. The first ever badminton tournament turned out to be a great success with 8 teams and over 100 participants joining this one-day event. Big congratulations to Airbus team for standing out through the intense competition and having won the championship of the tournament. Also, we would like to extend our special thanks to our generous Title Sponsor "北大国家发展研究院MBA" and our Venue Sponsor "International School of Tianjin".



25.11.2016 2016 Annual Tax and Regulatory Review

Tax and regulatory reviews are often held on a yearly basis and this year the seminar covers hot topics that marked 2016. Professional experts from PwC were invited to present and share their latest observations. People from finance had the opportunity to share their experiences and exchange views. In addition, together with PwC experts, participants discussed the complex tax structure along with customs and legal issues which were encountered by enterprises during the operation.



02.12.2016 European Chamber 2nd Education Roundtable: Education Tour + Roundtable



The European Chamber Tianjin Chapter hosted an exclusive education tour and roundtable on 2nd December, 2016, including visits to Tianjin Haihe Education Park and Tianjin Sino-German University of Applied Sciences and followed it by the roundtable conference to exchange opinions about strengths and weaknesses of the "Tianjin Vocational education system". The motivation and mission of the Education Forum of European Chamber Tianjin Chapter was to find out how local education could meet industry needs on a neutral platform. Representatives from member companies of European Chamber and university/vocational college partners attended this event.

08.12.2016 2016 Year-End Inter-Chamber Business Match-making

European Chamber Tianjin Chapter together with German Chamber Tianjin Chapter hosted the last Business Match-making event of 2016 on 8th of December. Following the match-making rules, participants conducted intensive conversations with each other while enjoying the delicious food and beer. In the coming year of 2017, we will continue to host popular match-making events and benefit more of our members and friends. Meet People, Make Connections!



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Tel: +86 22 5830 7608
Email: tianjin@european-chamber.com.cn
Website: www.european-chamber.com.cn

AmCham China, Tianjin held its 2016 Annual General Meeting on December 1st to review the year gone by, introduce plan for 2017 and announce the 2017 & 2018 Executive Committee Members. In addition, **Martin Winchell**, Chairman of the Executive Committee, expressed warm greetings to all members and presented Tianjin Chapter 2016 Awards to the following companies and individuals:



01.12.2016
AmCham China, Tianjin celebrates at the Annual General Meeting and 2016 Appreciation Reception

AMCHAM TIANJIN MEMBER COMPANY ACHIEVEMENT AWARDS

- PPG Coatings
- JPMorgan Chase Bank
- Procter & Gamble
- Hyatt Tianjin
- OTIS Elevator
- Motorola Tianjin



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COMMITTEE AWARD 2016

Environmental and Sustainability Committee



THE LEGEND

Douglas Red and Jon Reed



After the meeting, members and friends joined Renaissance Tianjin Lakeview Hotel's Christmas Tree Lighting ceremony and enjoyed Christmas carols from the Tianjin International School choir.

The Appreciation Reception began with opening remarks by **Martin Winchell**, followed by presentations from **Roberta Lipson**, CEO of United Family Healthcare and **Alan Beebe**, President of AmCham China, to express congratulations to AmCham Tianjin's 20th birthday and Tianjin United Family Hospital's 5th Anniversary.

We would like to thank all the sponsors of this event. It would not have been possible without their support.



Upcoming Events:

AmCham Government Affairs Certification Program: Business Advocacy and Policy Research for Results

Date: January 19th
Time: 8:45 am - 5:30 pm
Venue: Tangla Hotel Tianjin

Monthly Executive Breakfast Briefing -- 2017 Business Climate Survey Release

Date: January 20th
Time: 7:15am-9:30am
Venue: The Astor Hotel, A Luxury Collection Hotel, Tianjin

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



04.12.2016
Special Event - German Christmas Market

On Sunday, December 4, the Sino-German community gathered at The Ritz-Carlton Tianjin to celebrate the upcoming Advent season with the traditional German Chamber Christmas Market. More than 100 visitors came to enjoy a day full of joy in festive ambience along with a buffet, including traditional Christmas dishes, delicacies and mulled wine. The colorful kids area and beautifully decorated Christmas selling booths made the event attractive for both young and grown-up visitors. Santa Claus also showed up, giving sweets and fruits to the children. Finally, all guests had the opportunity to win one of numerous prizes at the lucky draw.



24.11.2016
Seminar – Aktuelle Rechtsprechung im chinesischen Arbeitsrecht – Eine Big Data Analyse

Dr. Florian Kessler, Attorney-At-Law at Wülfing Zeuner Rechel law firm and head of the Beijing office of WZR, held a seminar on the topic "Current Jurisdiction in Chinese Labour Law" in the German Chamber office in Tianjin. More than ten participants attended the event and got a deep insight into Chinese labour law on the basis of case studies from Tianjin. Dr. Kessler's presentation included topics like success rates and typical obstacles when it comes to employee termination, as well as consequences after illegal termination and important company-internal labour law procedures. After a very comprehensive presentation, participants of the seminar had the chance to ask questions and discuss ongoing law related issues.



15.12.2016
Special Event – Charity Christmas Bazaar

To spice up the annual traditional holiday the German Chamber organized a Christmas Charity Bazaar at WE Brewery on Thursday, December 15. In a rather casual and relaxing atmosphere visitors could enjoy homemade mulled wine and craft beer, while buying Christmas decoration, handmade bags and more for a good cause. Proceeds and entrance fee of the event were fully donated to Jian Hua Autistic Foundation.



Upcoming Events:

Special Event – German Movie Night: Colonia

Date: January 6th **Time:** 18:30 – 22:00 **Venue:** Paulaner Tianjin

Biz Socializer

Date: January 11th **Time:** 18:30 – 22:00 **Venue:** Tangla Hotel Tianjin

Healthcare Breakfast Seminar

Date: January 18th **Time:** 7:30 – 9:00 **Venue:** The Astor Hotel, A Luxury Collection Hotel, Tianjin

Kammerstammtisch Tianjin

Date: January 25th **Time:** 19:00 – 22:00 **Venue:** Drei Kronen 1308 Brauhaus Tianjin

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

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

Fortune Restaurant

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

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

Kasumi

A: 1F, Crowne Plaza Tianjin Binhai No. 55, Zhongxin Da Dao Airport Industrial Park
T: +86 22 5867 8888 ext. 2322
 霞日式料理
 空港中心大道55号天津滨海圣光皇冠假日酒店1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
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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
W: Tedais.org

SERVICES

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T: +86 22 6621 8888
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A: No. 50, 2nd Avenue, TEDA
T: +86 22 6528 8888
F: +86 22 6528 8899
W: sheraton.com/tianjinbinhai
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 开发区第二大街 50 号



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E: tianjin.ecocity@hilton.com
W: tianjin.ecocity.hilton.com
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 天津市中新生态城动漫中路 82 号

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



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

Apartments



TEDA, Tianjin – Marriott Executive Apartments

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HEALTH



Ascott TEDA MSD Tianjin

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

Office Space



TEDA MSD

A: 6F, TEDA MSD-C1, No.79, First Avenue, TEDA, Tianjin, China.
T: 400 668 1066
 泰达 MSD
 天津经济技术开发区第一大街 79 号
 泰达 MSD-C1 座 6 层

Spas

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Yue Spa

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T: +86 22 6628 3388
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Hospitals



Raffles Medical Tianjin TEDA Clinic

A: 102-C2 MSD, No.79 1st Avenue, TEDA Binhai Area, Tianjin 300457
T: +86 22 65377616

天津经济技术开发区第一大街 79 号泰达 MSD-C 区 C2 座 102 室, 300457

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(营城湖半岛)

Holiday Inn Binhai Hotel Fitness Center

A: 15F, Holiday Inn Binhai Tianjin No. 86, 1st Avenue, TEDA
T: +86 22 6628 3388 ext. 2960
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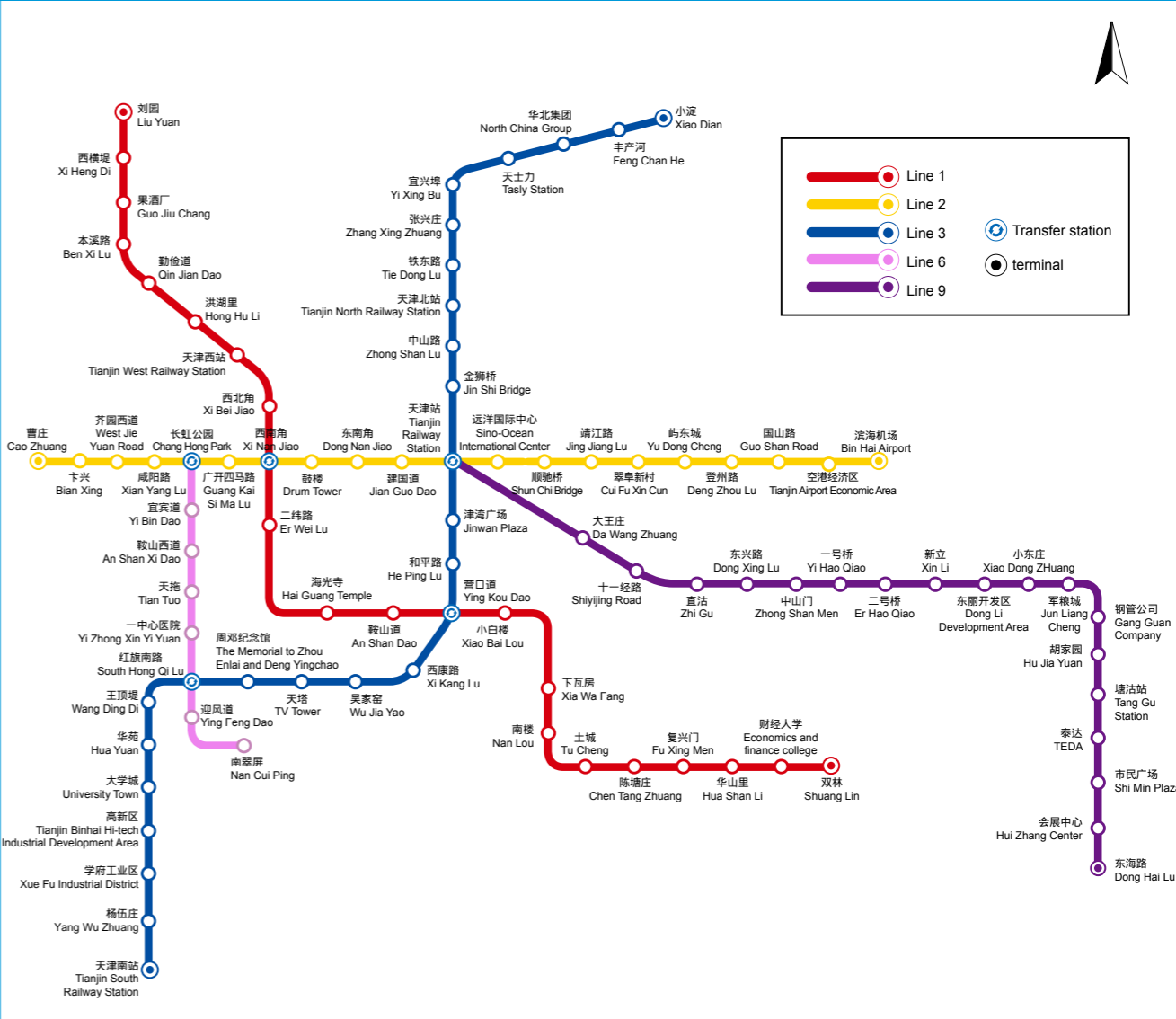
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06:45, 08:45, 14:45, 17:15. 1st Avenue, TEDA. Tel: +86 22 6620 5188

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TJ ~ BJS (¥55 - ¥93)

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BJS ~ TJ (¥55 - ¥93)

Train	Beijing	Tianjin
C2001	06:01	06:36
C2107	23:05	23:40

TG ~ BJS (¥66 - ¥93)

Train	Tanggu	Beijing
C2584	09:04	09:58
C2594	20:26	21:21

BJS ~ TG (¥75 - ¥239)

Train	Beijing	Tanggu
C2281	07:23	08:20
C2593	20:26	21:31

Wuqing ~ BJS (¥39 - ¥66)

Train	Wuqing	Beijing
C2202	06:54	07:19
C2246	21:27	21:52

BJS ~ Wuqing (¥39 - ¥66)

Train	Beijing	Wuqing
C2203	07:31	07:55
C2245	20:56	21:20



ADOPTING CHINESE NEW YEAR

By Nadia N.

Chinese New Year or Spring Festival means a lot regardless of awareness of traditions it implies. For most local people, it is one of the few opportunities to get together with their families and get away from the tiring job in metropolitan cities. For expats, it is mostly a great occasion to travel or visit family as there is no point in sitting around while a lot of shops, restaurants and good share of bars are closed.

The first Golden Week of the year for anybody in China is always linked with family and close friends even if it's not preconditioned by tradition. Yet, Chinese New Year more than any other festival in China is wrapped in customs, traditions and folk-beliefs. Chinese are well-known for their traditions taking root in ancient times, religion and superstitions. Therefore celebrating Chinese New Year can be an interesting experience for those who reside in China for the holiday.

Red Envelopes

Similar to western New Year, Spring Festival is a time for exchanging gifts and wishing everyone happiness. However, knowing what gifts Chinese people

expect to receive can be unexpected. First and undoubtedly the most famous is giving red envelopes. Giving money for celebrations is a tradition that has been adopted in many countries. A little money instead of standard gift from a gift shop can fit better among close friends and family. However, in China there are special canons usually met by people such as lucky money in lucky amounts.

Firstly, avoid giving anyone an amount that includes 4 (assonant of "death") – for example, 444RMB! Secondly, even number amounts are preferable. They bring luck and wealth to the receiver. Moreover, it is important to remember that opening red envelope in front of the

donor is against Chinese etiquette. Even if giving red envelopes is one of the most common traditions and everyone loves it, you should give your blessing and say thanks, leaving checking the received amount for later.

Exchanging gifts

As for gifts, it can easily accompany red envelopes or can be given separately. However, as every-thing that happens during first hours of Chinese New Year can be taken as a predictive sign, it is good to know what objects are considered lucky and which can absolutely terrify the receiver.



Happy New Year!

Liquor, cigarettes, tea, fruit or even healthcare products are more than welcome, while clocks, umbrellas, shoes, pears, sharp objects and chrysanthemums can mortify Chinese people on this significant occasion.

No-no's

It is widely known that children can top up their money supplies significantly - there is no Chinese kid who isn't looking forward to New Year family reunion. Nowadays, it is said that children in big cities can receive up to 20.000RMB wrapped in fancy red envelopes. And there is a perfectly good (relatively good) reason for that - crying is a big "no-no" during New Year celebration. This act can not only annoy guests and family members, but also bring bad luck to the entire family. So pleasing kids financially is one of the ways for Chinese family to put a smile on their faces.

Similar to western New Year, Spring Festival is a time for gifts and bringing happiness.

Also, during conversation at the dinner table it might be a good idea to avoid words like "death", "killing", "sick" and so on (while discussing news for instance) as it is thought to be a bad sign and attracts misfortune. It is curious that in some areas even taking medicine during this magic night is not acceptable - you need to appear happy and wealthy when another Zodiac sign (Rooster in 2017) is coming into his rights!

Modern activities

While Chinese enjoy mentioning their long history and rich traditional heritage of their country, time flies rigorously leaving behind a good number of old customs. Nowadays, modern Chinese from cosmopolitan cities like Beijing, Shanghai, Tianjin and so on prefer to exchange red envelopes and eat dumplings not in foggy Chinese cities, but on the beaches or in hotel suites in other countries. Traveling during this once family-oriented festival is gaining popularity by the hour, providing airlines with wonderful possibilities to benefit.

For the massive flow of people that try to book away all the attractive destinations, it can be quite a challenge to escape China during Spring Festival. Airline companies are not the only ones whose business blossoms during Spring Festival. "Renting boyfriend/girlfriend" services have caught on in China in past couple of years as a young man or woman showing up without a significant other at the door of their parent's house is a rather sad picture for many Chinese parents. So, holding a rented hand and giving parents sweet hope for the future is a new tradition that has spread in big cities and has become somewhat of a shield for Chinese singles to combat marriage pressure. ☑

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LOTUS

LIJIA ZHANG

This novel by Lijia Zhang is her first following her caustic memoir *Socialism Is Great!* and it is about growing up in China during the 1980s.

It follows Lotus, a ji (prostitute) working in one of Shenzhen's massage parlors. With intelligence and determination, Lotus has ambitions of making more of her existence, though life and misfortune plant endless obstacles, while her slow-burning relation with the educated freelance photographer Hu Bingbing might change her life - in several ways. Zhang takes the reader through the seedy backstreets and gluttonous self-celebratory hotel dining rooms, the shining forbidding skyscrapers and cramped ill-favored accommodation that a low to mid-level ji might experience. (The novel was inspired by Zhang's grandmother's deathbed revelation that she had been sold into a brothel). We also see, in counterpoint, Lotus' background in Sichuan, where rural labor struggles to wrench a living yet feels like "the real China" for so many new unrooted urban migrants.

Zhang attempts a poetic prose rich with metaphor, peppered with the earthy curses and unpretentious idioms of Chinese workers. It's a good idea, but unfortunately

she doesn't quite have the mastery of English to bring it off. For one thing, she usually fixes the most common adjective to any noun she seeks to describe. Meat is "juicy", headaches are "pounding", muddled heads feel "cloudy" and so on. Similarly, the coarse phrasing and cynical expectations of some of the other ji sometimes feel a little strained, as though Zhang were translating from one language into another. Of course it must be hard to capture the guttural essence of a language, but the author doesn't quite have the knack for it yet.

I was also rather unconvinced about some of the characterization. In particular the character Hu Bingbing, whose relationship with Lotus moves absurdly slowly, has motivations which do not always seem clear. The male characters in the novel generally lack the roundedness the female characters have. Similarly, while Lotus attempts to better herself and support her family, this pretty much makes her a "tart with a heart", a stock-in-trade for urban fiction for many decades.

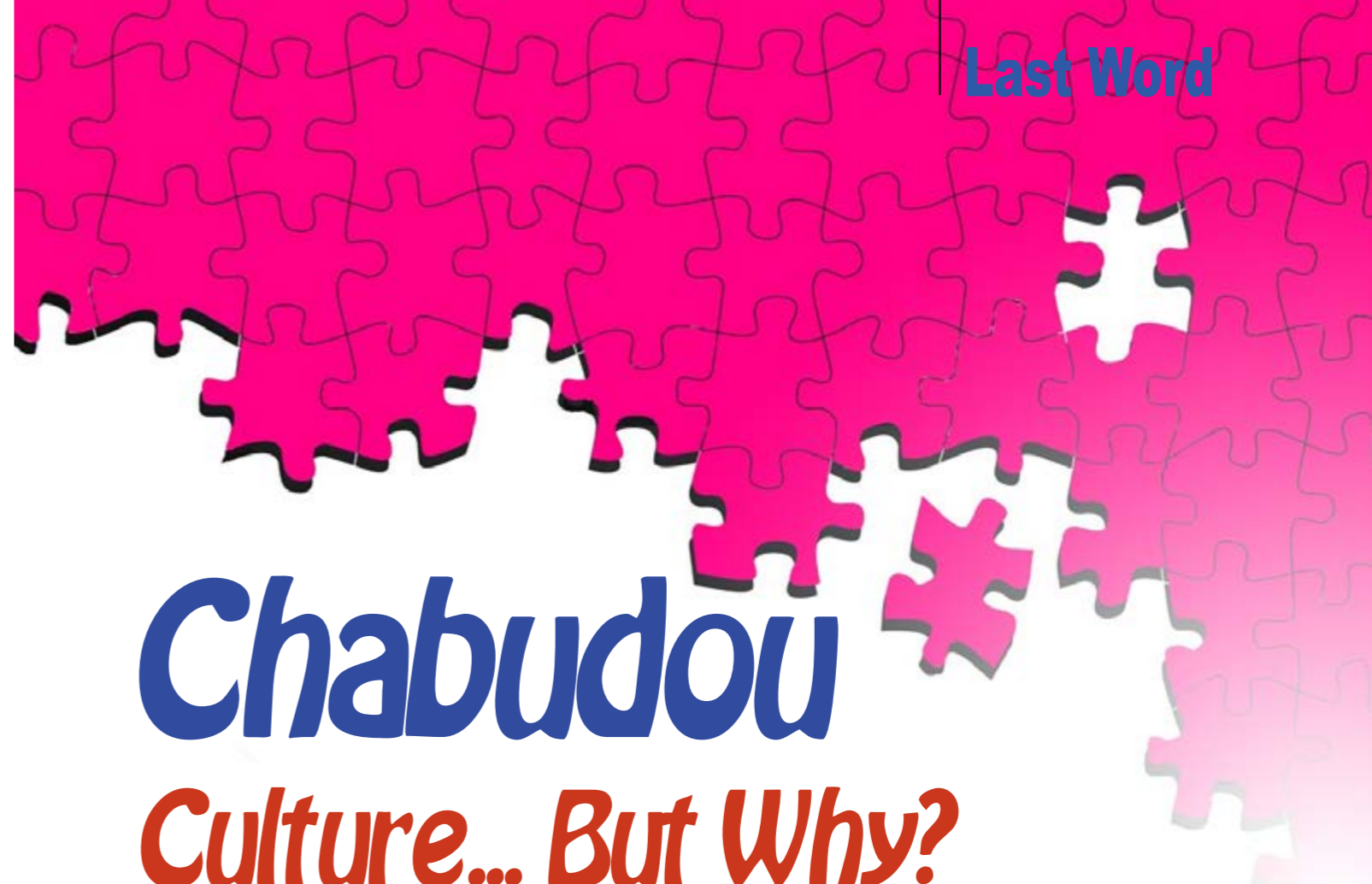
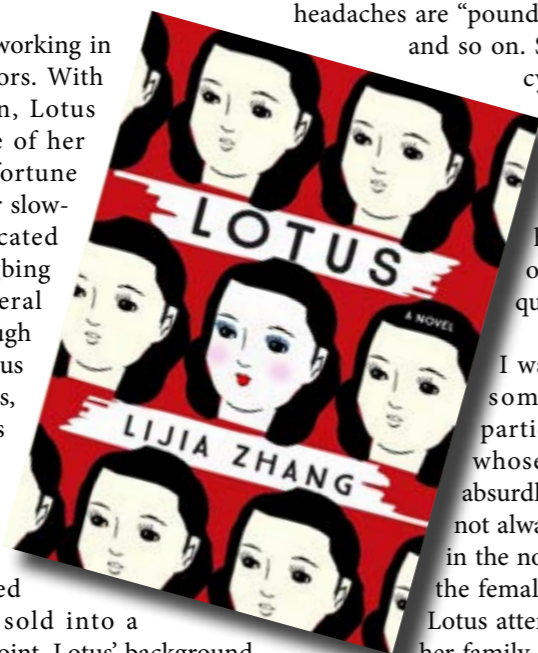
Nonetheless, Lotus has heart. We root for the main character and we empathize with her. We feel her pain and her yearning. This is no little achievement, and Zhang is to be commended for that. But it also makes us hope for more from her in future.

Quotes of the Month

If you have a dream, don't just sit there. Gather courage to believe that you can succeed and leave no stone unturned to make it a reality. ~ Roopleen

I can't give you a sure-fire formula for success, but I can give you a formula for failure: try to please everybody all the time. ~ Herbert Bayard Swope

Sloth, like rust, consumes faster than labor wears. ~ Benjamin Franklin



Chabudou Culture... But Why?

By Mike Cormack

My wife and I took a trip to the UK sometime back and hired a local handyman to do a bit of decorating in our apartment while we were away. We were renting, so this was purely cosmetic: some wallpaper stripping and painting the walls, skirting boards and window frames. When we came back, the walls were good but the window frames were half done and their undersides appeared completely neglected. We'd paid beforehand, of course. So I suggested to my wife that we call and ask them to finish the job, to which she said they would refuse. I insisted, she called and she turned out to be right. The job was cha bu duo, "good enough", they insisted.

This Chinese phrase is one that gives away a culture. You see the result of it all too frequently. I once worked in Jiangsu University, which had lovely marbled floor in one of its teaching

buildings, but whose paintwork was raw and unfinished. Cha bu duo. I once ordered a ham, cheese, lettuce and tomato sandwich in a Silk Market café (there was a picture on the wall). They delivered a ham and cheese sandwich. I asked for lettuce and tomato. They added lettuce. Cha bu duo. A friend of my wife had recently bought a new apartment. There were already cracks forming in the concrete of the drying space. Cha bu duo. One time a boss had a leaving do in a street-side BBQ joint. The food that arrived was a rough approximation of whatever we had ordered - they just kept plopping stuff down. Cha bu duo.

But modern life demands precision.

A recent article by British writer James Palmer named "Chabudou!"

Close enough..." jogged my memory of these and countless incidents of the similar nature. After listing his own examples, Palmer analyzes why cha bu duo culture is endemic in China. Improvisation was essential to keep things going in an economy that was once lacking in most essentials. It's also a "casual dismissal of problems", where you are supposed to accept what's procured for you. If you have an intermittently-working fridge when your neighbor doesn't have one, what are you complaining about? But this indifference is also, as Palmer notes, endemic in industry where health and safety forethought is minimal. We've all been dumbstruck at bamboo-scaffolding, f...-you-buddy driving and aghast at gutter oil and fake foods. Cha bu duo. But modern life demands precision just as the trains that first brought standardized national times and factories that brought regimentation, timing everyone to the minute.

Last Word

But this modernity, Palmer says, did not come to China. He gives a number of reasons why: modern “industrial feedback loops are severed” because workers often make products they cannot afford to use. Companies avoid blame wherever possible, with the complicity of local governments who need to maintain employment. Regulators and judiciary lack independence and trade associations are similarly toothless.

All of this might well be true but there is, I think, a basic economic-philosophical principle that explains the prevalence of cha bu duo. In an open market, as Adam Smith noted in *The Wealth Of Nations*, the butcher provides good products not for your benefit but for his. This gets him repeat business and more money. This is “the invisible hand” of the market operating for the benefit of all. But this can break down in China owing to the gargantuan population and the opacity and untrustworthiness of information. In the classic situation that Adam Smith posits, the butcher operates locally with a reputation that he has to protect. Customers know him and can assess his merit as a butcher.



But let's say you go to a café as I did and receive shoddy service. Beijing has countless cafes and restaurants and a massive population. The happiness or unhappiness of customers, beyond a certain point, is essentially unimportant compared to the footfall of its location. If a cafe fails to induce repeat customers, there will always be more people passing by. How can they know its reputation? Smith's analogy can only apply in places with populaces who can know each other well enough to exchange information. This is the reason why bar and restaurant chains are so popular in large cities: not so much for their quality as for their predictability.

There are a number of business areas where local knowledge breaks down and cannot generate a reputation for a vendor. The black market will always be murky: businesses operate underground, customers often do not talk about them and the desire for a good deal overcomes the risk of poor service. Shops, bars and restaurants in tourist areas similarly are notorious precisely because their transient customer base prevents a reputation from building, whether for good or bad. While the actual tourist location is dependent on being known as a good place to visit, places nearby can get fat off it by ripping off customers. We've all been there.

How can this be overcome? Some websites enable people to review businesses so you can see what it's like. But even here information can be hard to trust. Is that glowing five-star review actually by the business owner? Who can tell? The only thing that can improve certainty is trustworthy knowledge. But at the moment this is still only cha bu duo. **B**

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