

# BUSINESS TIANJIN

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FEB



## UNITED IN HEALTH

**22** Roberta Lipson, CEO  
Chindex International Inc  
Chairman of the Board  
United Family Healthcare

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## ▲ United in Health: Dialogue with Roberta Lipson

After spending over 30 years in China, Roberta Lipson has an intimate knowledge of the healthcare system throughout the mainland. The idea for United Family Healthcare (UFH) was also born over that same period of time. With much growth since the opening of their first hospital in 1997, we had the chance to speak with Roberta about the opening of the newest facility of the UFH family here in Tianjin and how Tianjin United Family Hospital hopes to be "United in Health" with members of the local community. [See P22](#)



## ◀ Developments on Debt-for-Equity Swaps in China

On 23 November 2011, the State Administration for Industry and Commerce of the People's Republic of China (SAIC) issued the Administrative Measures on Registration of Debt-for-Equity Swaps. The Registration Rules took effect on 1 January 2012, and aim to regulate the registrations of debt-for-equity swaps of limited liability companies or companies limited by shares, in order to relieve the financial burden of companies, especially small and medium enterprises. [See P30](#)



## ◀ Top 5 Things to Remember When Being Interviewed for a New Job

This month we look at the next logical step: The interview. The interview can be the single most important part of the process as this is your only chance of making a first impression. It is very clear that skills, education and experience is what gets you the interview, however it is the 5 A's that could land you the job. The 5 A's are general guidelines for interviews that have proven successful for western companies. [See P46](#)



## IT Bubble Bursts ▲

The ongoing housing price correction – to use a less alarming phrase – has perhaps prevented the bursting of the Chinese IT stock bubble from receiving the full attention it deserves. While house prices affect a much broader social range and have a bigger economic impact, IT stocks are bellwethers of China as a "new economy", indicators of the Chinese ability to create and regulate a new economic sector. Meanwhile, new regulations on microblogs show the difficulties within which the sector is operating. [See P69](#)

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# Business Tianjin

February 2012



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## Dear Reader,

The year of the Dragon is here! Long considered the most auspicious of symbols, the Dragon is a symbol of power and good fortune.

Tianjin continues to grow at a rapid pace, and with this growth comes more wealth and a higher standard of living. Part of this higher standard of living has translated into an increased desire for western goods and services. One such service is healthcare and with the recent opening of Tianjin United Family Hospital, members of both the expatriate and local community now have a place to visit to receive international-standard healthcare. On hand for the opening of this new facility was the Chairman of the Board, Roberta Lipson. See our cover story and featured dialogue to read some of the things patients of this new facility can expect.

China's economy has continued to experience difficulties as the global downturn drags on. While export growth is continuing to sputter and the property market is failing to gain traction and recover, 2012 looks to be a year of subdued expectations for China's continued growth. Check out our Economy report to see some of the latest predictions on what can be expected for the first half of the year.

Finally, as the Central government attempts to push forward with the growth and modernization of China, policies to guide the financial markets and foreign investment have been crafted and tweaked to maintain growth, but in a controlled fashion. This month's Legal and Policy articles review topics related to financial tie-ups between domestic and international corporations.

Will China roar forth spouting flames and continue its ascension as a major player in not only Asia, but the world? Or, will the problems of diminished GDP growth tame this mighty beast and ruin what is considered by many Chinese to be the best symbol of the zodiac? Early indications have been mixed so only time will tell. As always, we welcome your feedback and would like to invite you to visit our website: [www.businesstianjin.com](http://www.businesstianjin.com) so that you can always be up to date on the latest and greatest happenings in Tianjin and beyond.

J. Hernan

Managing Director

Business Tianjin



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## TIANJIN NEWS

### Macau, Tianjin Seek Closer Ties



Macau's Chief Executive yesterday met with the top Chinese official in Tianjin city, as the two territories agreed to strengthen cooperation in trade, culture and tourism. Fernando Chui Sai On and Macau's official delegation arrived in Tianjin yesterday after the Chief Executive met with state leaders in Beijing. During the meeting, the Secretary of the Tianjin Communist Party committee introduced the latest political and economic developments of Tianjin city to the Macau delegates. Zhang Gaoli also said the two cities should step up cooperation in all aspects. Chui said that after the business promotional activity. 'Macau Week' had been held successfully in Tianjin at the beginning of this year, both sides have improved communication. Currently, he said, there are 150 companies from the mainland city operating in Macau.

- Macau Daily, 28 December

### Tianjin Joins Beijing in Tax on Foreigners

Three months after the mainland was supposed to begin levying a new tax on foreign employees, two more cities are preparing to adopt the controversial measure, joining Beijing to make a total of three cities to do so. For the past two weeks, Tianjin and Suzhou have been registering foreigners who work there, in preparation to start charging the long-delayed social security tax on non-Chinese employees, according to a person close to the situation. The law was supposed to take effect nationwide on 15 October, but Beijing was the only city that began registering foreigners working there on that date. The South China Morning Post reported that local governments were caught off guard by the new tax, complaining of having too little time to implement it. But even in Beijing the implementation has been chaotic, the person said. In Chaoyang District, for instance, the local government issued a memorandum at the end of 2011 informing residents the law had to be implemented by January 20 "because few businesses have responded to the law".

- China.org, 28 December

### The Third Wine Exchange in the World Settled in Tianjin



Recently, Tianjin Binhai International Wine Exchange officially opened for business. According to the director, the organization has developed a whole set of rules, products, varieties and flow of wine exchange, which covers areas of production and consumption. Now, it is the third wine exchange in the world. Here, clients can trade business for distilled spirits, bulk wine and regular bottled wine. It is also a place which provides services for vintners, distributors, consumers and investors. It is said that there are three top-class cellars in the Exchange; all wines can be stored there. At present, the Exchange applies spot transaction rules.

- Wines-info, 29 December

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## Sheraton Tianjin Binhai Hotel Won "The Best New Opening Hotel of China"



The Sheraton Tianjin Binhai Hotel was awarded "The Best New Opening Hotel of China" from the China Hotels Fashion List Awards by the Worldwide Hotel Association and Star-rated Hotel Alliance of China. Sheraton Tianjin Binhai Hotel is the first Sheraton hotel in the Binhai area, offering a comprehensive range of first-class facilities, exemplary service, comfort, and convenience for business & leisure travelers. Many politicians and celebrities have been to the hotel since its grand opening in Oct 2011. It's well-deserved due to their excellent performance and extraordinary achievements.

- *Business Tianjin*, 30 December

## Tianjin Rated Northern Economic Center With Best Investment Potential

On 31 December, 2011, the Eighth Annual Conference of World-Famous Brands was held in Jakarta, Indonesia. After a preliminary investigation and evaluation, the meeting published the list of "China's 50 cities with greatest investment potential, 2011", including Beijing, Shanghai, and Tianjin. Following Tianjin's award last year of "Chinese city with most investment potential", the title was won again this year. Tianjin has gradually become an important economic center in north China, with an international port, logistics center, and financial center. Since the Ninth Party Congress, the city has launched a total investment of CNY 2 trillion, with more than a thousand major projects to attract more domestic and foreign investment. This year, more than 160 exhibitions were held in the city, with a fair on average every 2.2 days. In addition, for four consecutive years, Tianjin has carried out comprehensive improvements to the city environment, significantly improving production and the living environment, helping investors around the world fall in love with this livable city.

- *Enorth News*, 1 January

## Binhai Aircraft Carrier Tourism Group Officially Established

On 29 December 2011, Tianjin Binhai Aircraft Carrier Tourism Group was officially established in Binhai. After its establishment, the company will further integrate its tourism resources, expand its operation scope and scale, and go all out to build an "Aircraft Carrier City" in order to attract more tourists. Binhai Aircraft Carrier Tourism Group was restructured from Binhai Aircraft Carrier Theme Park Company, with its assets reaching up to CNY 900 million. On the day of its opening, the company signed strategic partnership agreements with China International Travel Service, Beijing Easy-tour Holiday Travel Service and Tianjin Jinlong International Travel Service, respectively. For now, the company has three subsidiaries, including Binhang International Travel Service, Binshi Restaurant Management Company and Binhang Entertainment Company. It is positioned to take the lead in local tourism, focusing on the construction of tourism businesses, recreational facilities, and cultural entertainment projects, establishing itself as a pilot enterprise in the cultural tourism industry in the Northeast Asian market.

- *Enorth News*, 1 January



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## Tianjin Lujiazui Plaza Starts Construction



On 28 December, with the first stake laid, Tianjin Lujiazui Plaza, an investment of Shanghai Lujiazui Group and listed as one of the city's major service industry programmes, officially started construction. It is another comprehensive modern service cluster in the city centre, combining commercial, office, cultural, entertainment, restaurant, and hotel and leisure functions. Together with the complex "Aqua City" just across the road, it will form a key business area around Tianjin West Railway Station. Tianjin Lujiazui Plaza project covers a land area of 57,000 square metres and a construction area of 500,000 square metres (including 180,000 square metres underground) and comprises two A-grade office buildings some 200 metres high and a high-end commercial hotel covering 100,000 square metres. Total investment for this project is about CNY 6 billion.

- *Enorth News*, 1 January

## Tianjin Port Ranks First on Imported Sugar Reserves Loading and Unloading

At Tianjin Port, bulk sugar ship "Champion" wheel loaded 47,000 tonnes from Brazil's state sugar reserves. Tianjin Port loaded and unloaded a record throughput of 44 million tonnes in 2011. Tianjin Port has thus become one of the largest sugar import destinations in China. The sugar reserves loaded and unloaded at Tianjin port are imported from Brazil, Cuba, Thailand and other countries by the Central Group and COFCO. The job requirements on various aspects of loading and unloading sugar reserves are very strict. After unloading, the sugar is quickly packaged and shipped by land or sea to Guangdong, Heilongjiang, Hebei, Liaoning, Inner Mongolia.

- *Enorth News*, 2 January

## China's 1<sup>st</sup> 3D TV Channel Starts Trial Broadcast in Tianjin

China's first three-dimensional TV channel started a trial broadcast on Sunday, according to the broadcaster, China Central Television (CCTV). The channel, China 3D TV Trial Channel, is jointly operated by CCTV and five other local TV stations in Beijing, Tianjin, Shanghai, Jiangsu and Shenzhen. People can watch 3D-effect programs with 3D TV sets and high-definition digital TV set-top-boxes. The channel broadcasts a total of 13.5 hours every day from 10:30 to 24:00, with 4.5 hours of first run broadcasting and two rebroadcasts. The channel will be formally launched during the upcoming Spring Festival, or Chinese Lunar New Year starting 23 Jan. Programs of performing arts, sports, cartoons and movies with 3D effects will be broadcasted on the channel, CCTV said. "The launch of the 3D trial channel is a significant step in the development of China's television," said Cai Fuchao, Head of the State Administration of Radio, Film and Television. Cai added that the 3D TV channel can create a consumption demand worth hundreds of billions of CNY, if part of China's 500 million TV sets are replaced by 3D ones.

- *China Daily*, 4 January

## Export-Import Bank of China Sets Up New Branch in Tianjin

The Export-Import Bank of China, a bank solely owned by the Chinese government, has accelerated its deployment in coastal cities, opening two branches in Tianjin and Xiamen to serve the export-oriented economy of China. The President of the bank stated that the bank has been attaching great importance to its cooperation with Tianjin, granting nearly CNY 30 billion of loans to Tianjin. Its outstanding loans hit over CNY 15 billion, which has energetically promoted the export-oriented economy of Tianjin city. The Tianjin branch will give full play to its own advantages to give more financial assistance to the enterprises in Tianjin city after its establishment, so as to help more and more Tianjin-based enterprises go global. While opening the branch in Tianjin city, The Export-Import Bank of China also established a branch in Xiamen city. Li Ruogu, President of the bank, stated that Xiamen was one of the first special economic zones opening to the outside world.

- *Menafa*, 5 January

## Sinopec Tianjin Plans Whole Plant Shutdown in Sept

Sinopec Corp's Tianjin refinery and petrochemical complex plans to shut down the whole plant for 50 days' turnaround from early September, a company source said on Thursday. The refinery, in north China's port city of Tianjin, operates 300,000 barrels per day of crude refining facilities and a one million tonne-per-year ethylene plant. "The whole plant -- refinery plus ethylene -- will be down for maintenance," said the source. That would cut the plant's total crude processing amount by about 13 percent to around 226,000 bpd this year versus 260,000 bpd in 2011.

- *Reuters*, 5 January

## FINANCE

### China Property: Booming Market Begins to Sputter



You only have to look at the Beijing's sky-line to realise how key construction has been to China's boom. As the gleaming skyscrapers, fancy shopping malls, and towering apartment blocks have all gone up, property prices have risen with them. They have increased at least fivefold in the last decade in cities across China, according to state media. But in recent months, those in the property sector have gone from giddy to gloomy. That is because property prices are beginning to fall and sales are down sharply. Property developers are slashing prices by as much as a third in some new projects across the country. In some cases, this has led to protests from people who bought apartments only to see new buyers offered hefty discounts.

- *Reuters*, 4 January

## Risks to GDP Growth Rising

A sluggish global economy, domestic industrial overcapacity, and a weak property market will pose an increasing downside risk for the Chinese economy in 2012, Bank of China Ltd said. Economic growth will slow to 8.8 percent in 2012 compared with 9.3 percent this year, the country's second-largest lender by assets said in a report. Still, the bank's forecast was more optimistic than those from most other financial institutions. Last month, UBS AG lowered its forecast for China's 2012 GDP growth to 8 percent from 8.3 percent previously. Citigroup Inc revised its forecast to 8.4 percent from 8.7 percent, and HSBC Holdings PLC said on 22 Dec that China's economy would grow 8.6 percent next year. Cao Yuanzheng, Bank of China's Chief Economist, said that growth will bottom out in the first quarter of 2012 on a quarter-on-quarter basis, while year-on-year growth would bottom out in the second quarter. Growth would bounce back in the second half, he said.

- Xinhua News, 29 December

## Manufacturing Output Slows

China's manufacturing output continued to fall in December, but the rate of decline has slowed, according to the latest HSBC Purchasing Managers' Index (PMI). According to HSBC Holdings PLC, December PMI - a main gauge of conditions in the manufacturing sector - rose to 48.7 from 47.7 in November and 51 in October, but was still below the growth threshold of 50. A reading below 50 means contraction, while one higher than that figure indicates expansion. During the fourth quarter, the average PMI reading has dropped to the lowest point since the first three months of 2009, said HSBC. The decline has sparked concerns about rising unemployment and a faster-than-expected cooling of economic expansion, which may prompt the government to ease its monetary policy sooner rather than later. The flagging manufacturing conditions signaled that weakening external demand is starting to bite, said Qu Hongbin, Chief China Economist and co-Head of Asian Economic Research at HSBC. The ongoing slowdown in the property market is another factor for the cooling economy.

- Bloomberg, 31 December

## LAW & POLICY

### Central SOEs' Profits to Near CNY 900 Billion



Profits for China's centrally-administered State-Owned Enterprises (SOEs) will rise to around CNY 900 billion (USD 142.86 billion) in 2011, up from CNY 848.98 billion last year, an official said Wednesday. The economic value added of the 117 central SOEs will exceed CNY 300 billion in 2011, said Huang Shuhe, Deputy Director of State-owned Assets Supervision and Administration Commission. The central SOEs have posted steady growth this year despite complicated global economic conditions, Huang said. The SOEs have come through bottlenecks in 2011, improved corporate management, made new breakthroughs in key technologies, and enhanced their ability to self-innovate, Huang said. The companies have also successfully completed special tasks given by the government and played a key role in promoting the country's steady economic growth, he added.

- China Daily, 29 December

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## Guidelines Welcome Foreign Money



China will encourage foreign companies to invest more in domestic industries to further make good on the country's commitment to open its economy, according to guidelines released on 27 December. In a new version of the Foreign Direct Investment Industry Guidelines (2011), the Chinese government is encouraging foreign investors to put money into advanced manufacturing, the service industry and certain business concerned with energy conservation, advanced technology, renewable sources of energy, new materials and advanced-equipment manufacturing. Government officials and experts said the new guidelines are in keeping with proposals contained in China's 12th Five-Year Plan (2011-2015), which seeks to lay the foundation for a more innovative and greener economy. On 27 December, the Ministry of Commerce and the National Development and Reform Commission (NDRC) issued the guidelines, which will replace a previous version of the rules that was published in 2007. They are expected to come into force on 30 January. - *China Daily*, 30 December

## China Is Easing Yuan-Pay System

China is developing a payment system that will make it more efficient for banks to clear CNY funds across its borders, in another move aimed at promoting the global use of the Chinese currency. The People's Bank of China, the country's central bank, is in the process of upgrading what is known as China's National Advanced Payment System, or CNAPS, to better facilitate cross-border trade denominated in CNY, according to government officials and executives at Chinese banks. The processing of CNY payments isn't at the same level of efficiency as a cross-border payment in other major currencies like USD, with a hands-on system that often leads to high transaction costs, some observers said. "The processing cost of yuan payments must come down, so that when corporations do start to put significant yuan volumes through, banks can handle them smoothly and efficiently," said Patrick de Courcy, Head of Markets in the Asian-Pacific region for Swift, which operates a world-wide financial-messaging network between banks and other financial institutions. - *Enoth News*, 2 January

## LOGISTICS

### Sinochem to Look for Oil in Deep Waters



Sinochem Group, the country's fourth largest oil company, recently inked a deal to acquire a 10-percent stake in a deepwater exploration project off the shores of Brazil, an official from the company said. Sinochem said it hopes the deal will give it technological and management expertise in the business of exploring for oil and gas in deep waters. The company disclosed no further information about the acquisition. The purchase came after the State-owned oil company first entered the Latin American country in May. It then obtained a 40-percent stake in Brazil's Peregrino offshore oilfield from the Norway-based Statoil for USD 3.07 billion, marking the company's biggest overseas acquisition so far. That project is estimated to have produced 3.2 million tonnes of oil and gas for Sinochem last year, according to an official from the company who declined to be identified.

- *China Daily*, 6 January

### Hong Kong Airlines Places USD 3.8 bln Airbus A380 Order



Hong Kong Airlines (HKA) has placed an order for 10 Airbus A380 aircraft worth about USD 3.8bln (£2.5 bln) at list prices. The contract will be a relief for the European plane maker, as the order risked being derailed by a dispute between the European Union and China. Beijing opposes an EU plan that international airlines comply with a scheme to tackle carbon emissions. But Kenneth Thong, HKA's corporate governance head, told a television interview the order would go ahead. The carrier, which has ambitious expansion plans, is likely to have received a large discount on the order for the super-jumbo aircraft. Mr. Thong said the aircraft were needed to help boost the airline's growth, particularly in the development of business class services with Europe.

- *BBC*, 7 January

## TELECOM & TRANSPORTATION

### China's Huawei Feels US Pressure on Iran Business Ties

Chinese telecommunications firm Huawei is under pressure from the US because of its business links with Iran. Six US lawmakers have written to the State Department urging it to probe whether or not Huawei had violated sanctions. Huawei has denied any wrongdoing and said that the allegations were groundless. The US has been stepping up its sanctions against companies that do business with Iran. However, Huawei has also been taking measures to limit its exposure to the increasing tensions between Washington and Tehran. In December, the Chinese firm said it would voluntarily cut back on its business dealings with Iran until the political situation became less charged. This would involve not seeking new clients and limiting its activities with existing clients, Huawei said. This seems to have done little to appease the US lawmakers, who sent their letter to the US Secretary of State Hillary Clinton on 22 December. The letter was made public this week.

- *BBC*, 5 January

### China Telecom May Expand to France, Germany

China Telecommunications Corp., the nation's largest fixed-line phone company, plans to expand into more European markets after starting its first overseas wireless service in the U.K. The service, aimed at Chinese residents, will begin in the U.K. by the end of March and expand to Germany and France if it's successful, Ou Yan, Managing Director for China Telecom Europe, said in an e-mail yesterday. There are 2 million Chinese living in Western Europe, Liu Changhai, the China Telecom executive responsible for regional development, said yesterday. In the U.K., China Telecom will target the more than half a million Chinese citizens living in the country and the tourists that will flock to the Olympic Games in London in June. In China, intensifying competition has led companies including China United Network Communications Group Co. (CHTZ) to cut international roaming fees by as much as 90 percent. "Our target customers are the Chinese communities," Liu said in an e-mailed response to questions. "We are exploring a new market."

- *Bloomberg*, 5 January

## China Unicom Offers Free iPhone 4S for USD 45 Monthly Contract



China United Network Communications Group (CHTZ), the nation's second-largest wireless carrier, will give users an Apple Inc. (AAPL) iPhone 4S if they sign multiyear service contracts costing as little as CNY 286 (USD 45) a month. The promotion starting 13 Jan offers a 32-gigabyte model with a three-year plan, while a commitment to two years for a monthly fee of CNY 386 allows users to get the 16-gigabyte model, the company known as China Unicom said in a statement on its website yesterday. China Unicom, the only one of the nation's three carriers offering the iPhone with a service contract, is using the handset to woo high-end subscribers who play games and watch online videos using their phones. Users of high-speed third generation networks in China more than doubled in the first 11 months of last year to 117 million.

- *WSJ*, 6 January

## GENERAL

### Oil Subsidiaries Look Overseas

As the active overseas expansion of Chinese oil companies continues in search of resources, their oilfield-operations subsidiaries are also tapping into foreign markets for sustainable growth. Daqing Oilfield Co Ltd (DOCL), the operator of the country's biggest oilfield and a subsidiary of China National Petroleum Corp (CNPC), has set a target of CNY 20 billion (USD 3.1 billion) in revenue from overseas markets by 2015, four times higher than expected overseas revenue this year. That will account for half of DOCL's total income by 2015, according to Zhang Baoxi, DOCL's General Manager of the international business development department. The oilfield operator has estimated that total annual revenue for 2011 will reach CNY 20 billion. "We have seen robust growth in our international business during recent years. Daqing Oilfield is now in negotiations with one of Indonesia's State-owned oil and gas companies to operate some oilfields there," Zhang said.

- *China Daily*, 28 December

## China GPS Rival Beidou Starts Offering Navigation Data



China's satellite navigation system has become operational, according to an official. Beidou now offers location, timing, and navigation data to China and surrounding areas, announced the project's spokesman Ran Cheng. China has been working on the system since 2000 to provide an alternative to the US government-run Global Positioning System (GPS). The move should make China's military less dependent on foreign technology. A launch earlier this month delivered the tenth of Beidou's satellites into orbit. Beijing plans to send a further six satellites into space by 2012 to extend the system to most parts of Asia, and then expand the network to a total of 35 satellites offering global coverage by 2020. Interested parties are invited to study a test version of the project's Interface Control Document which has been placed online.

- *BBC*, 28 December

## TIANJIN TEDA MAPLE LEAF INTERNATIONAL SCHOOL

天津泰达枫叶国际学校



Tianjin TEDA Maple Leaf International School was established in 2008 by the China Maple Leaf Educational Systems. Inheriting 16 years of successful experience from Dalian Maple Leaf International School, our school blends the best of the east and the west in education. Our students will graduate with the British Columbia Dogwood Certificate as well as the Chinese High School Diploma. The students will then enroll in International Universities, Colleges, and other specialized post-secondary institutions around the world. Tianjin TEDA Maple Leaf International School provides programs in Elementary School (K-6), Middle School (G7-9) and High School (G10-12). We ensure quality education to all students regardless of their race, nationality and colour. In June 2011, 50 students from the first graduating class were all enrolled in International Universities. Many of them were admitted to the top 100 International Universities and received scholarship offers of over 600,000 RMB.





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**BUSINESS TIANJIN**

## How China's Train Tragedy Unfolded

Until seconds before he plowed the bullet-shaped nose of his locomotive into the rear of another in an accident that killed him and 39 others, Pan Yiheng had no idea he was whizzing along occupied track. The other train's driver, He Li, knew something was wrong because fail-safe systems had stopped his train, and he was busying himself getting it moving again. Zhang Hua, the dispatcher coordinating both trains, was juggling at least eight others as well, some of them traveling through a storm of almost 50 lightning strikes per minute on a railway called the Harmony Express. On the world's largest, fastest and most-modern high-speed railway, 23 July was a Saturday night marked by massive equipment failure that was made worse by incomplete emergency procedures, confused communications and numerous operational missteps, according to a government report on the incident.

- WSJ, 30 December

## China Culls 'Low Taste' Shows



China's satellite broadcasters have eliminated more than two-thirds of prime-time entertainment programmes such as dating and reality shows to comply with tough new government restrictions, as Beijing increasingly seeks to rein in cultural trends it finds problematic. The state-run Xinhua news agency said on Tuesday that satellite broadcasters have reduced the number of entertainment shows aired during prime time to 38 from 126. A new rule that came into effect on Sunday limits the number of entertainment programmes the broadcasters air to two each week and a maximum of 90 minutes daily between 7:30 p.m. and 10 p.m. The rule, first announced in October, is targeted at what Chinese regulators have called "excessive entertainment and a trend toward low taste."

- WSJ, 4 January

## 20m Travel by Train in New Year holiday

More than 20 million people hit the rails during the past three-day New Year holiday, up 2.2 percent year-on-year, the Ministry of Railways said Wednesday. In order to accommodate travelers' needs, 529 temporary trains were put into service during the holiday, which lasted from Sunday to Tuesday, representing a rise of 349 trains from one year earlier, the ministry said in a statement posted on its website. The country sold 24.66 million train tickets during the holiday, of which, 23.4 percent were sold via Internet and phone. From late December, travelers were able buy tickets for all trains from an online ticketing system, which was designed to facilitate the ticket purchasing process. However, some passengers complained about the instability of the system, as it at times failed to issue tickets that had already been paid for.

- Xinhua News, 4 January

## 40 New School Buses Put Into Use After Crash

Forty new school buses were put into use Friday in the city of Qingyang in the wake of a deadly school bus crash that claimed 21 lives last November in Northwest China's Gansu province. The Qingyang city government spent a total of CNY 10 million (USD 1.58 million) to buy the new buses, which will be allocated to local kindergartens, said Xin Gangguo, Vice Mayor of the city. A service center responsible for school bus management has also been established by the city's education department. Qualifications for school bus drivers have also been strictly specified according to a new regulation on road safety issued and put into effect last Sunday by the provincial People's Congress. It states that school bus drivers should be under the age of 55 and have at least four years of driving experience. Twenty-one people, including 19 preschoolers and two adults, died and 43 others were injured on 16 November 2011, when a nine-seat school bus illegally carrying 64 people collided head-on with a coal truck in Yulinzi township, Zhengning County in the city of Qingyang.

- Xinhua News, 6 January

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## Welcome to our family clinics in Tianjin

At International SOS, your health and safety are our highest priorities. Since 1989 we have been servicing our members in China, with an Alarm Center in Beijing and four established family practice clinics in Beijing, Tianjin, Nanjing and Shekou. In November 2011 we expanded our services in Tianjin by opening a fifth clinic in TEDA.

The International SOS Clinics in Tianjin support our members who live, work and travel to this area.

The clinics offer a range of medical services, including primary healthcare, basic laboratory, diagnostic and pharmacy services.

For more information, please contact [customerservicetj@internationalsos.com](mailto:customerservicetj@internationalsos.com)

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## 447

According to Tourism Bureau statistics, during the three-day holiday from 1-3 Jan, Tianjin city received 903,400 tourists, with total tourism income of CNY 447 million, which created a record high over the same period of previous years.



## 2000

In order to further promote the use of public transportation, 2,000 buses will be updated in Tianjin this year. Also, subway Lines: 2, 3, and 9 have been put in operation while the construction of subway Lines 5 and 6 is completed.

## 42.3

After more than three months of intense construction, the Mazu statue in Binhai Mazu Cultural Park has been mostly completed. With a top height of 42.3 metres, the tallest statue in the world will be opened to the public in June.



## 100

A 62-year-old man in Alberta, Canada has recently welcomed his 100th grandchild, a boy named Henry. He and his wife have 16 children.

## 1000

The traffic management department has put 595 electronic eyes and 405 video cameras into operation. At present, the total amount of electronic eyes in Tianjin is close to 1,000.



## 2.2

On Jan 3, Sinopec Group announced a USD 2.2 billion acquisition agreement signed through a subsidiary corporation with United States based Devin Energy Corporation.



## 3

Until now, Bestown Economic Area's GNP is expected in total to reach CNY 3 billion, an increase of nearly 500%, which marks a record high when compared to previous periods.

## 15

It is commonly accepted that an ordinary Dalmatian can only give birth to 7 or 8 puppies per litter, but an amazing dog named Pepo recently worried it's owner about it's health while giving birth to 15 pups.



## 20

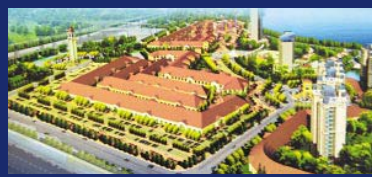
In 2011, construction of 20 pedestrian overpasses has been completed, which ensures the safety of pedestrians crossing streets. All 20 overpasses were constructed in prosperous commercial sectors, large-scale residential areas and along major roads in Tianjin.

## 69

It is reported that since September 2008 through November 2011, the airbus assembly line in Tianjin has completed the final assembly and delivery of 69 A320 aircraft.

## 350

Tianjin Outlets City Comprehensive Programme plan has been completed. It is estimated to bring more than 350 first-class and second-class brands into Tianjin Outlets in the future.



## 8

According to Greening Construction, next year 8 parks will be built in Binhai New Area. By the end of 2013, citizens' leisure and entertainment needs will be met by the new parks in Binhai.



## How much do you pay for tax?

December 2011, *China Economic Weekly*

Common citizens and officials have always held different ideas on the tax burden level. In 2010, after “Forbes” referred to China as the number two nation in terms of the misery due to the tax burden level, Chinese officials disagreed with the result and blamed it on a faulty calculation system. Contrary to the official version, Zhou Tianyong, a professor of the Central Party School, calculated the figure was about 34%, higher than many developing countries modest tax burden level of 18% to 25%. However, during 2011, the contradiction among officials and common citizens on this issue were dramatic.

On 11 December 2011, the Ministry of Finance announced the national revenue for the first 11 months of 2011 was CNY 9.73 trillion. The whole year figure will undoubtedly exceed CNY 10 trillion. This would push up the macro tax burden level which had already been under intensive discussion.

Despite the existence of an intensive dispute among officials and citizens on the level of tax burdens, a consensus on tax policy reform has already been reached.



## Non-stop negative interest rate

December 2011, *New Finance*

Currency devaluation and quantitative easing exert influence on negative interest rates. Raising interest rates will eliminate it, but it is contrary to ensuring GDP growth by encouraging consumption, and increasing domestic demand. More importantly, a global capital flood attracted by high interest rates will rush into the market, and push up asset prices and inflation in China again.

For 2011, the CPI (consumer price index) was highly volatile. For several months, the figure exceeded 6%. The Central Bank raised the reserve requirement ratio 12 times. However, even with the one-year deposit rate at 3.5%, the negative interest rate was about 2.6%.

For example, if the inflation rate is 10% and the interest rate for deposits is 6%, your money devaluates 4% even though you have funds in the bank. In such a case, people invest money into other areas to secure their wealth's value, such as gold, real estate, etc. hence pushing up the prices of those items as well.

Under such circumstances, people tend to spend money from savings on investment or borrowing. Domestic banks under pressure of their loan to deposit ratio will try to attract deposits to complete the “task” by increasing their deposits interest rate. Hence, banks will increase the interest rate of loans to balance the increased deposit cost. Enterprises, as the major borrowers, will be short of money or pay more for interest, causing the product they produce to have higher prices which in turn increases the CPI causing the inflationary cycle to begin again.



## It's all about the PMI?

7 January 2012, *The Economist*

Economic growth contains myriad figures and abstracts to suggest runaway growth of impending doom. One of the figures closely watched in China is the Purchasing Managers Index (PMI). This figure is treated with special zeal as it relates to an overall growth or contraction for the economy. Anything above 50 symbolizes growth, while anything below 50 symbolizes contraction of the manufacturing sector. Due to China's export oriented economy, manufacturing has long been a bellwether of the economy. With November 2011 showing the first sub-50 reading since February 2009, government economists were delighted to see the December 2011 reading bounce back above 50. But was this really a correction showing the Chinese economy can expect rosier times ahead?

Season variances are not factored into the final number released for PMI. If this variance, especially for Christmas in the West, was factored in, December PMI would have most likely remained below 50. To further complicate matters, PMI measures manufacturing and doesn't take into account data from other sectors. As China continues to modernize and move up the value chain, PMI could and should become a less relevant measure of economic strength. However, for the time being, this single focus on PMI risks growth to the economy at large by only using one metric as the gauge of whether the country can continue to experience strong future growth.



## Gaming the Currency System

January 2012 issue, *Foreign Policy*

Fiscal stimulus has been a catchphrase not just in China but around the world during the past three years. With the onset of the global financial crisis in the United States, governments around the world have been on a mad spending spree to stabilize growth. However, the world economy has only increased 1.2% annually since 2008. Governments around the world have been searching their magic hat to find some way to gain a competitive advantage for their national economy. From quantitative easing, to injecting money in economies, different methods have failed to produce any meaningful results.

In the face of austerity measures, which are hugely unpopular, especially in the Euro zone, governments have turned to currency itself. While not recently labeled a “currency manipulator” by the United States government, China continues to hear a chorus of catcalls and boos with how the CNY is regulated and protected in international trade. While many developed countries of the west race to the bottom to weaken their currency to help bring their national economies back from the brink, such brinkmanship threatens to undo the global economy as a whole. One only needs look to the European Union and the disparities between the countries within it to see how such tinkering with currency can have disastrous consequences.



## Chinese Economy Report February 2012

By J. Hernan



**This month's report focus will be the review of the three most pressing questions facing the Chinese economy in the first half of 2012.**

1. Chinese growth - is it sustainable in the midst of the global slowdown?
2. The Free fall of Chinese real estate and the likelihood of an economic hard-landing?
3. The People's Bank of China easing the monetary environment and how much?

**Can China maintain an economic growth rate above 8% for 2012? Most likely, no.**

China's leadership is targeting growth of less than 8 percent in 2012 according to senior government researcher Lin Zhaomu, reported Reuters on Sunday 8 January. Lin is a researcher affiliated with China's economic planning agency and the author of key economic documents for the Chinese leadership. Lin wrote that the 2012 target fell between 7 and 8 percent and had been adjusted to help Beijing deliver its plan for average GDP growth of 7 percent for 2011-2015.

While the government adjusts its expectation for economic growth, the market expects the Chinese economy, along with rest of Asia except Japan, to bottom out by the end of the first quarter.

The outlook for Asia, excluding Japan, has been improving recently as inflation retreated from its peak and growth, including the United States economy, showed clearer signs of picking up, said Robert Prior-Wandesforde, Director of non-Japan Asia Economics at Credit Suisse.

"That is more constructive than we have been for the last 12 to 18 months," Xinhua reported on Saturday 7 January. Prior-Wandesforde said that the bank's central forecast for the euro zone is that there won't be a catastrophe in Europe over the next 12 months. He said inflation in Asia will fall quite heavily over the next few months as commodities prices soften, allowing more room for policy makers to focus on growth.

Nevertheless, Beijing will have to continue battling against the imbalances that have been formed over the past three years of expansionary fiscal policies.

China "overstretched itself a bit" in the past three years, said Dong Tao, Managing Director for non-Japan Asia Economics at Credit Suisse Hong Kong, adding that it would take a few years to correct the imbalances.

Tao said he expected China's economy to have a slowdown over the medium term with annual growth of 7 to 9 percent. It is expected to grow by 8 percent in 2013, as no super factors like the WTO accession or the housing boom that has driven the China's economy in the recent years are emerging.

Tao cited challenges for China such as the banking sector failing its role as the financial intermediary. Most of the capital in banks is either locked or slowed down in terms of its velocity due to factors such as reserve requirements, local government debts, or trust funds, as well as State-owned enterprises. Furthermore, the real property sector, informal lending and local government debts were among the risk factors Tao identified.

Tao said he expected the Chinese yuan to manage an appreciation of 3-4 percentage points against the United States dollar "regardless of where the fundamentals are."

"This is an election year, and China does not want to engage in a trade war. The lawmakers on Capitol Hill have no clue what the real exchange rate is about," Tao said.

In the meantime, the wages of workers at the lower end of the pay scale will continue to rise, as a policy pillar to drive domestic consumption.

### While China's housing prices fall, will the country face a hard-landing?

China's housing prices are expected to fall by 15-20 percent in 2012 according to Tao at Credit Suisse. China's stimulus package introduced in response to the 2008 global economic crisis has financed a large proportion of housing projects around the country. As property prices fall, developers will find it difficult to recoup their investment and start to default on their loans. Subsequently, local governments and state-owned banks will have to write down these loans as "non-performing."

The worsening economic downturn, combined with Beijing's firm stance on lowering property prices has triggered deep price discounts in tier one and tier two cities since October of 2011 and this process will quickly spread to other cities in China.

Mounting credit risks in China could strain its financial system in the years ahead. Not just falling property prices and rising non-performing loans, but also a growing number of Chinese corporate bond default has the potential to increase the likelihood of a hard landing.



“Defaults will be increasingly frequent because so much was borrowed over the past few years that has to be paid back now,” said Wang Jing, Head of Fixed-income Research with Jinyuan Securities.

There was big turbulence during the first week of January as two major Chinese companies were reported to experience difficulty repaying their debts. This underscored the increasing complexity of the Chinese economy and the new dangers that this entails.

Angang, one of China’s largest producers of steel, had been due to repay an AAA-rated CNY 5 bln (USD 793mn) three-year note by 4 January. At 10:41 am that day, the China Government Securities Depository Trust & Clearing Co. announced it “had not received sufficient funds from the issuer.” By 4:10 pm, however, it posted a new notice, saying the debt had been paid according to a Financial Times report.

An unnamed Angang official told Chinese media that it had been a simple misunderstanding with the clearing company. Angang’s profits plunged 91 percent year on year in the first three quarters of 2011 as steel prices weakened, but there is no questioning its deep pockets – the listed company’s parent is a state-owned enterprise.

Angang’s case may have been simple miscalculation but another large case of bond default occurred shortly thereafter. Beijing DG Telecommunications Equipment Co, a manufacturer of wireless systems, said it had applied to its bond guarantor to cover debts that it could not pay.

Beijing DG Telecommunications had borrowed CNY 44mn in 2010 as one of 13 small and medium-sized companies whose debt issues were combined together into a single bond – an innovation that regulators hoped would



divide up risks for creditors and thereby make it easier for companies to obtain direct financing, according to Financial Times.

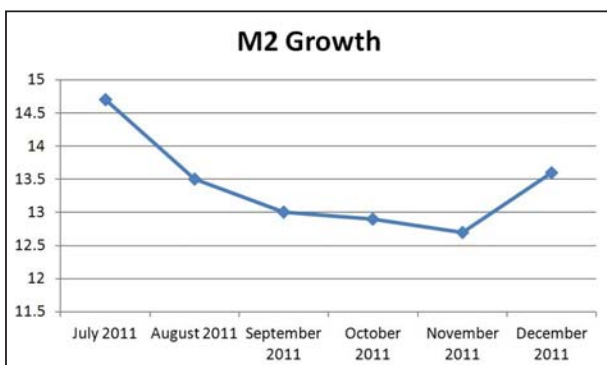
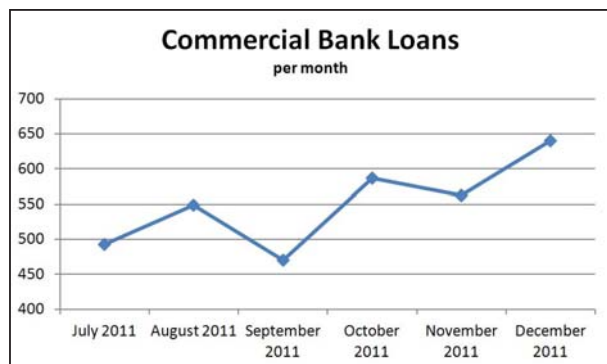
China’s corporate bond market has expanded dramatically in recent years. Debt issuance by mainland companies reached CNY 2.58 tn last year, 52 percent more than in 2010, according to Thomson Reuters data.

The biggest default risks, however, are still concentrated in bank loans, as that was the form of financing mainly used to pay for China’s massive stimulus programme during the global financial crisis. Local governments owed CNY 10.7 tn by the end of 2010, and 53 percent of that is coming due by the end of 2013, according to the national auditor.

### How much will People’s Bank of China ease monetary policy?

China’s lending and money supply growth exceeded economists’ estimates in December, signalling monetary conditions may be easing after regulators reduced banks’ reserve requirements for the first time since 2008, according to Bloomberg.

New loans totalled CNY 640.5 bn (USD 101 bln) for the month, exceeding the estimates of all 18 economists surveyed by Bloomberg. M2, a measure of money supply, rose 13.6 percent, compared with the 12.9 percent median of 18 economists’ estimates.





From the fiscal policy side, drastic change is not expected until next year when China's leadership changes.

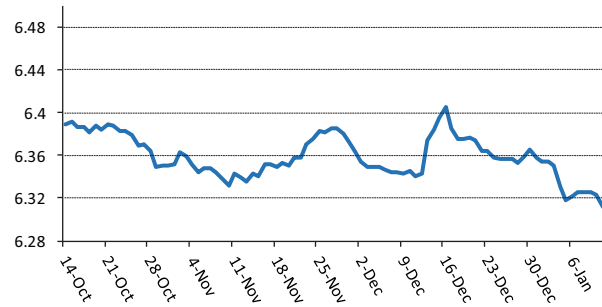
Speaking at a financial planning conference on Sunday 8 January, Premier Wen Jiabao said China's financial industries are sound but still face risks. He also pledged to press ahead with reforms aimed at giving market forces more influence over lending but no details were announced following the two-day meeting, held to make plans for the industry over the next five years, according to AP.

Private sector analysts had expected few major changes out of the meeting because of a lack of agreement within the ruling Communist Party. Party factions are jockeying for position ahead of a once-a-decade handover of power this year to a younger generation of leaders, distracting attention from reform work, reported AP.

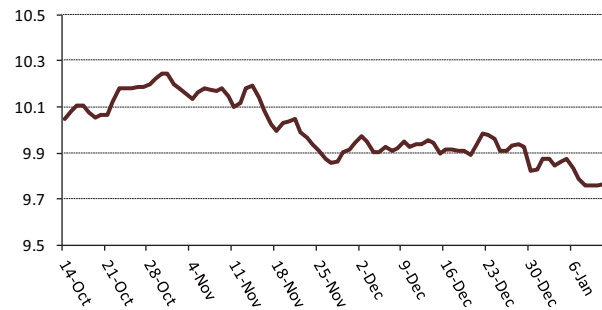
Premier Wen Jiabao pledged to fine tune monetary policy as needed to preserve growth as he warned that business conditions in the first quarter may be "relatively difficult." The People's Bank of China reduced the reserve requirement for lenders starting 5 December as Europe's debt crisis eroded demand for Chinese goods and consumer prices in November grew at the slowest pace in 14 months, reducing concerns about inflation. ☐

## Three-month CNY trends

### CNY vs USD



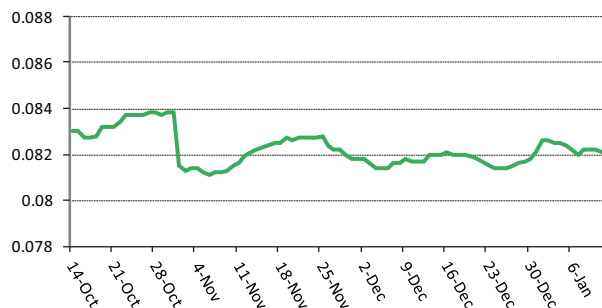
### CNY vs GBP



### CNY vs EUR



### CNY vs JPY





# United in Health: Dialogue with Roberta Lipson

CEO of Chindex International Inc., and Chairman of the Board for Beijing United Family Hospital and Clinics and  
Tianjin United Family Hospital

By Richard Olsen II

**A**fter spending over 30 years in China, Roberta Lipson has an intimate knowledge of the healthcare system throughout the mainland. Diminutive in size, but not presence, Roberta's warm demeanor and smile easily light up the room when she enters. Having co-founded Chindex International Inc. in 1981, Chindex's market aim changed after the birth of her first child. The idea for United Family Healthcare (UFH) was also born over that same period of time. With much growth since

the opening of their first hospital in 1997, we had the chance to speak with Roberta about the opening of the newest facility of the UFH family here in Tianjin and how Tianjin United Family Hospital hopes to be "United in Health" with members of the local community.

**Can you share some general information about the opening of the Tianjin hospital?**

United Family Healthcare has been involved in building and operating hospitals in China since 1997. We

saw the need of the international community for a higher standard of healthcare at that time. There was a language gap for international residents when they tried to use public hospitals. So, we opened our first hospital in Beijing at that time. Very quickly our patient base became a mix of international patients and Chinese who wanted a different level of care. About three years ago, the government of Tianjin, specifically the Hexi district government, approached us with the idea of bringing a hospital to Tianjin. We

started out by doing market research and decided that the growth of Tianjin was really impressive and that there was a growing need for a higher level of healthcare services in the area. We've spent many months training the staff and have brought in staff from Beijing and Shanghai to ensure that we are able to offer a high level of healthcare with this new facility in Tianjin. Without strong government support in China there are a lot of obstacles. It was very meaningful to us to have strong governmental support.

**Healthcare in China is radically different than in the west. What can a patient expect if they come to your facility?**

Well, I think that United Family Healthcare is very different than what Chinese patients are used to in public hospitals. The whole process is very different. If a patient wants to see one of our doctors, even our very famous doctors, they don't need to have some kind of backdoor relationship. They just need to call and make an appointment. They don't have to wait in line to register. They don't have to pay money before they see the doctor. Once they do see the doctor, they are given ample time to have their questions answered. Patients are seen in a private environment so they don't have to worry about other patients overhearing their private business. We encourage patients to establish a relationship with a primary care physician who they can call "their" doctor and to develop a relationship over time where the doctor becomes a partner with the patient in making sure their physical and emotional health is maintained. United Family Healthcare is very famous for their maternity and childbirth services. What a patient can expect here, if they choose to have their baby here, is not a situation where we consider them to be a sick patient, but rather





an event where the whole family can celebrate the joyous occasion of welcoming a new member to the family.

**What are some of the different departments the hospital will have?**

Obstetrics; Family Practice; General Surgery; Radiology; Ophthalmology; Dental; Pediatrics; Emergency Medicine; If you want a specialty appointment that's not an emergency, we'll collect the appointments and get a specialist from Beijing or Shanghai to come to the hospital. Our physicians will come from different facilities at certain times to see patients. If it's an emergency appointment, we'll get one of our consultants for the appointment.

**You have a pharmacy on site. What kind of medicines can patients expect to receive from the pharmacy?**

Whatever prescription the doctor writes for them or if they bring in a prescription from outside as well. We also have over the counter products available. We follow whatever the Chinese regulations are in regards to over the counter medications. We have both western name brands and the chemical equivalents. What we do is that we print patient information inserts in English if the product only comes in Chinese. Our pharmacists are trained so that if you bring a prescription from overseas with the brand name we have the resources to make sure we understand what medicines you are taking. We want

to make sure that we are prescribing the equivalent if you need to continue taking a medication from home and all you know is the brand name. We can make sure that you are getting the right medicine. Our pharmacists are bilingual and they really play a very different role than what the pharmacists at a public hospital play. They're meant to be consultants to the patient and partners to the doctor. They double check on allergies and drug interactions and will spend time with the patients for every prescription on how to use the medicine and what to watch for while using a medicine. We have a very large window so patients can talk to the pharmacist with privacy and go over their individual needs.

**What languages will patients be able to use when visiting the hospital?**

Chinese and English are the primary languages. We are planning to have Japanese and Korean in the future. We currently have these languages in Beijing and can use our support team there at the moment. There is a very large Korean and Japanese population in Tianjin and we'll be ready to provide service to them. We pride ourselves in our policy where we need to make language translation available to any person who walks through our door. So, if an Arabic speaking person who doesn't speak Chinese or English walks in the door, we will get someone from Beijing to have telephone translation available. That's a





commitment we make to all of our patients in any one of our facilities. It's interesting because during one month in Beijing we took the statistics of the nationalities of where our patients came from and we had patients from 115 different nations with many that don't speak Chinese or English. We have a vast language capability in Beijing and we plan to have the same in Tianjin once we get to know the market better.

### **Will memberships be available for the new Tianjin facility?**

Tianjin United Family Hospital welcomes any patient who needs our services and you don't need ant membership in advance to be seen by our doctors. That being said, yes, we have various kinds of memberships. We have corporate memberships; we have individual memberships and those memberships will afford people opportunities to have different levels of discounts and to have ongoing relationships here but we welcome any patient who needs our services and don't require a membership in advance. Our membership is a national membership. You're a UFH member so you can use your card in Shanghai or Beijing. Patient files will be available between facilities so if you are a member in Tianjin but get sick in Shanghai you can go into that hospital and use your patient ID number. It will be recognized in that hospital as well.

### **You've been in China for a long time. What changes have surprised you the most?**

I could tell you the changes to Tianjin have surprised me the most. When the government invited us here three or four years ago to look at this opportunity, it was just completely different from what I had remembered from when I was here in the 1980's. I was shocked because it was completely different. I'm used to seeing quick development in Beijing and Shanghai but Tianjin has just changed so much in a very short time.

### **Is there anything else you want to add or closing thoughts?**

One thing you didn't ask about is our charity programme, United Foundation for Children's Health. I think you might be interested to know that all United Healthcare facilities donate 1% of our revenue to free care for orphans and poor children. It's not 1% of our profits, but 1% of our revenues so that adds up to a lot of money nationwide. We hope to have the same program here in Tianjin. We have relationships with the poorest of the poor orphanages and medical foster homes and take care of the healthcare needs of those children who wouldn't have access to quality healthcare otherwise. We look forward to not only serving the most fortunate members of the Tianjin community, but also the most unfortunate members as well. ☐

# New Appointments

## Neon Li named Director of MICE, Renaissance Tianjin Lakeview Hotel

Neon Li recently transferred to the Renaissance Tianjin Lakeview Hotel as Director of MICE. An experienced sales professional in the hospitality industry, Neon previously served with Marriott International and Starwood. Having 11 years of sales experience throughout China (Shanghai, Suzhou, Guangzhou, Sanya, etc. ), Neon is a confident, experienced professional, focusing on the MICE market. The Renaissance Tianjin Lakeview is honoured to have Neon Li on board.



## Masao Yoshida named Chef de Cuisine Hotel Nikko Tianjin

Mr. Masao YOSHIDA, the newly appointed role of Chef de Cuisine for Benkay Japanese Restaurant at Hotel Nikko Tianjin as of December 2011. He acquired his culinary skills over a period of 25 years while at the Hotel Nikko Osaka and is an expert in preparing “Kaiseki”. During his time at Hotel Nikko Osaka, he was assigned to Hotel Nikko Mexico on 3 separate occasions to coach and train staff for the Benkay Restaurant.



## Arron Michael Gwinnett named Director of Food & Beverage, Raffles Tianjin

Arron joins Raffles Tianjin while bringing with him an extensive Food & Beverage experience. Beginning his career with Fancourt Hotel and Golf resort in South Africa in 2004 as Restaurant Manager, he then joined Pezula Hotel, Spa and Golf Resort in Knysna, South Africa during the same year, with the position of Assistant F&B Manager. In 2007, he pursued his career at InterContinental Abu Dhabi as Assistant Director of F&B and was then transferred to InterContinental & Holiday Inn Mayur Vihar, Delhi in 2010 and promoted to Director of F&B. Prior to joining Raffles Tianjin, Arron was working as F&B Manager for Hilton Resort & Spa Sanya P.R.China.



Arron's invaluable professional experiences will be an indispensable addition to the management team of Raffles Tianjin, and benefits the hotel greatly.

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## QUOTATIONS OF THE MONTH

1. Every man is the architect of his own fortune. -- Appius Caecus
2. There is only one good, knowledge, and one evil, ignorance. -- Socrates
3. You can fool all the people some of the time, and some of the people all the time, but you cannot fool all the people all the time. -- Abraham Lincoln
4. We cannot do everything at once, but we can do something at once. -- Calvin Coolidge
5. Small opportunities are often the beginning of great enterprises. --Demosthenes
6. Education comes from within; you get it by struggle and effort and thought. ---Napoleon Hill

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## Sheraton a Good Time

Interview with Mark Francis, General Manager, Sheraton Tianjin Binhai Hotel

By Tad Miller

**O**n 25 October 2010, the opening of the first Sheraton hotel in the heart of the Binhai New Area of Tianjin was witnessed. Just an hour by bullet train from Beijing (South Station), and 38 kilometres from the Tianjin Binhai Airport, Sheraton Tianjin Binhai Hotel welcomes conventions, business travelers, and families to the heart of TEDA on the Bohai Bay. After just over a year of operation, Mark Francis, General Manager, sat down with Business Tianjin to discuss his experiences in the hospitality industry and of running the Sheraton.

### **How did the hospitality industry become your career interest?**

I was born in this industry. My earliest memories are eating pecan pie in the kitchen of our family restaurant. I grew up with cooks, waitresses, and lounge singers. I tried a few things after graduating high school. I was wondering what to do when my father gave me his advice, which was to attend school for Hotel management. Once done

with that, I began working as a sous chef. I was always a pretty decent cook, so this came naturally. I eventually went to New Zealand for a job, for what I thought would be six months, before returning home. My mother is a bit disappointed because that was 1988.

### **What specifically brought you to your current position?**

I had a General Manager ask me to organize interviews for the Food and Beverage Director at a hotel a long time ago. After conducting them, I told him I didn't want to hire any of them for different reasons. I suggested that I take the position, at which point he said "I was just waiting for you to say that!" It taught me a valuable lesson about taking initiative. Since then, I have been a "suit" working in management.

I went from Canada to New Zealand, then to Australia working as an Assistant General Manager at a centrally located hotel in Sydney with a consistent ninety-two percent occupancy rate. That was a hectic, exciting



learning experience. Next, I went to Hong Kong for a short spell and was soon sent to turnaround a mega resort in the Bahamas which was eventually re-branded as a Westin-Sheraton. I was finally brought back to Asia by the parent company, Starwood Inc., to Melbourne Australia, to the Sheraton Towers, then to the Langham Place Beijing.

**Describe the elements of this Hotel which separates it from the local competition.**

It has heart. I quickly get a sense of hotels, all providing the nice pool, spa, and rooms. The difference here is the warm greetings, smiles, assistance, and intelligent physical design. This is the first complete branded new Sheraton in China. It's very modern, functional, and comfortable. It offers an interesting environment, the rooms have a luxurious home-like feel, but the people, the personnel, they won me over. There is an evident "can-do" attitude at work here. Plus, we have all the amenities our patrons have come to expect.

**As General Manager, what changes are you planning to make?**

My normal plan of action is observe, get a feel for the team, and give management the ability to make changes. We are achieving our guest satisfaction scores, which is paramount in importance. Basically, I want to encourage perpetual improving, adapting, and perfecting. We hold regular meetings in which I do the listening. It's like a reverse owner's conference to assess their perspective on business, customer service, and systems development.

**In your opinion, what distinguishes top hotels in Tianjin from other places in the world?**

All top branded hotels follow their own performance standards criteria. What happens here is measured the same way as the Great Wall Sheraton in Beijing. We all have that in common, keeping "on brand", a kind of buzz word in this industry.

Of course, location makes a big difference. Aside from those on the beach, every hotel in China will feature a construction crane in the view from the window. The experience will vary according to place.

**Give us your perspective on living in the New Binhai District.**

I appreciate the fact that I can walk home. When people here complain about the traffic, I have to smile. It's nothing in comparison to Beijing's. TEDA has a smart grid, making it easy to get around. As a family we're settling in. Yesterday, one of my sons came home from school exclaiming "Hey dad, I made a new friend today!"

**Why should people stay at your hotel?**

We have the warmest staff in the Binhai Area and try to create a home away from home for guests from all over the world. We have the most comfortable beds and best 5-star restaurants in Binhai with a choice of Bene, our Italian restaurant, or Yue, our Chinese restaurant. All of these put together make the perfect Sheraton experience for guests and we hope people will come to visit us soon. ☐



## Developments on Debt-for-Equity Swaps in China



Manuel Torres



Julian Yu

by Manuel Torres  
(Partner) and  
Julian Yu (Junior)  
Garrigues Shanghai

**O**n 23 November 2011, the State Administration for Industry and Commerce of the People's Republic of China (SAIC) issued the Administrative Measures on Registration of Debt-for-Equity Swaps (Registration Rules). The Registration Rules took effect on 1 January 2012, and aim to regulate the registrations of debt-for-equity swaps (the Swap) of limited liability companies or companies limited by shares, in order to relieve the financial burden of companies, especially small and medium enterprises. As a Departmental Regulation which has a state-level legal effect regarding the Swap, the Registration Rules is considered of great importance for the unification of different local practices existing before its release.

### 1. The Situation before the Registration Rules

Before publishing of the Registration Rules, there had already been various local rules and regulations issued by local governmental authorities of provincial and municipal levels (such as in Beijing, Chongqing, Shanghai, etc.) regulating the Swap. However, many of

these local rules and regulations clearly exclude the Swap of the debts owed by Foreign Invested Enterprises (FIEs). Furthermore, they also only allow the Swap of the debts owed to domestic creditors.

Even in the places where the Swap of debts owed by FIEs is allowed, it is usually provided that FIEs may only convert their shareholder's loans into registered capital.

In addition to the above mentioned limitations on the debtor and creditor, there are also other limitations on the Swap, such as the maximum percentage of registered capital increased through the Swap, which is variable from place to place.

### 2. Key Points of the Registration Rules

After publishing of the Registration Rules, there are finally rules for the Swap at the state level. Following are the key points which are worth noticing.

#### 2.1 Definition of a Swap

Under the Registration Rules, a Swap is defined as: a creditor converts its creditor's right against the debtor into the equity of

the debtor and thus increases the registered capital of the debtor. Therefore, currently the Swap can only be applied in the form of a capital increase to an existing company.

## 2.2 Limitation on Debtor and Creditor

Under the Registration Rules, it is not required that the debtor for a Swap has to be a domestically invested company. Also there is no limit on the nationality of the creditor now. Therefore in principle, according to the Registration Rules, Swap for the equity of FIEs is not prohibited and the debt to be swapped by an FIE is not limited to its shareholder's loans.

## 2.3 Debts Applicable for Swap

According to the Registration Rules, the debts that may be swapped shall be one of the following types:

### - Contractual debt

It refers to the debt arising during the course of the operation of the debtor while the creditor has fully performed its corresponding obligation against such debt, such as the unpaid goods purchase price for goods which have been actually delivered to the debtor;

### - Debt confirmed by the judicial decision

It refers to debt confirmed in a ruling or judgment of the people's court. For example, once a dispute in relation to a debt between two parties is submitted to the people's court and the judgment is made after the hearing, such debt recognized by the judgment can be used for a Swap;

### - Debt in bankruptcy process

It refers to a claim included in the restructuring plan approved by the people's court or a settlement agreement recognized in a people's court's ruling during a bankruptcy and restructuring procedure of the debtor.

## 2.4 Percentage Limit

It is required that the Swap shall not cause a non-cash capital contributions to the debtor, including real-estate, machinery, equipment, intellectual property, equity shares and the Swap, or be higher than 70% of the debtor's registered capital. However, this requirement is in line with the provision of the Company Law of PRC (the "Company Law") and is not a new obligation.

## 2.5 Procedure for Swap and its Registration

### - Appraisal

According to the Registration Rules, the value of a capital contribution made through a Swap may not be higher than the appraised value of the debt. Therefore, the debt which is to be converted into equity shall be first appraised by a qualified asset appraisal company.



### - Execution of Swap Agreements

Usually, once the value of the debt is confirmed by the appraisal, the debtor, its existing shareholder(s) and the creditor may enter into their Swap Agreements, under which it is agreed that the creditor subscribes to the increased capital of the debtor with its creditor's right. The Registration Rules do not provide more requirements on the content of such Swap Agreements.

### - Capital Verification

As any other form of capital contribution, a Swap shall also be subject to capital verification by a qualified capital verification institution, i.e. a certified public accounting company, which shall issue a capital verification report indicating the basic particulars of the debt, the details of the appraisal and the details of the completion of the Swap, etc.

### - AIC Registration

When a Swap is affected, the debtor shall apply to the company registry to change its registration of registered capital and paid-in capital according to the law.

During the registration, depending on the type of specific debt swapped, the Statement of Swap signed by the debtor and the creditor and a valid court ruling or restructuring plan shall be provided.



### 3. Implications of the Registration Rules

#### 3.1 Expansion of Debt Scope for Swap

As mentioned above, the Registration Rules has expanded the scope of debts that may be used for a Swap. Therefore it can be a helpful tool for companies trying to solve the financial difficulties they may face, especially within the current macroeconomic environment.

#### 3.2 Further Clearance of the Appraisal and Registration Procedure

Before the issuance of the Registration Rules, the procedures and requirements for the appraisal and registration of a Swap varied among different provinces and municipalities. The Registration Rules have thus unified these rules on the state level and make it clearer and fairer to debtors and creditors throughout the country.

#### 3.3 Limitation of the Registration Rules

For the Swap of debts owed by FIEs, the capital increase performed through a Swap will involve more governmental authorities such as MOFCOM, SAFE, etc. As the Registration Rules is published by the SAIC, it is necessary for the other involved authorities to also issue their regulations and rules on how to implement the Swap for debts of FIEs from the perspective of each authority. For example, from the perspective of the foreign exchange administra-

tion, when the foreign debt owed by an FIE is converted into registered capital, will the foreign debt quota (the total foreign debt quota equals the difference between Total Investment and the Registered Capital of an FIE) consumed by such foreign loan be released and be used by the FIE again? The answer to such a question was never the same in different provinces in the past and needs to be clarified on the state level urgently. In our opinion, once the foreign debts of an FIE are converted into registered capital, such debts will cease to exist and the occupied foreign loan quota should be released, no matter if the foreign loans are short, middle, or long-term.

Therefore, before detailed regulations and rules for implementation of a Swap of an FIE are provided by other involved authorities also on a state level, it is advisable for the parties to the Swap of an FIE to keep close contact with different local authorities for further confirmation and clarification during implementation. □

Garrigues has over 13 years of experience in advising companies in their investments in China. The team of experienced Western and Chinese professionals at Garrigues Shanghai provides legal advice to foreign companies on a wide range of issues such as incorporation of companies and negotiation of joint ventures, commercial contracting, M&A, tax, real estate, employment, intellectual property, arbitration and infrastructures, as well as to Chinese companies with investments abroad.







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## China Unveils National Security Review Regime for Foreign Merger and Acquisition



Simon Bai  
Winners Law Firm

On 3 February 2011, the China State Council published a *Circular on Establishment of the Security Review System for Merger and Acquisition of Domestic Enterprises by Foreign Investors* (State Council Circular) on guiding Merger and Acquisition (M&A) of domestic enterprises by foreign investors involving security review issues.

Following the issuance of the State Council Circular, an *Interim Provisions on the Security Review Mechanism for the Merger and Acquisition of Domestic Enterprises by Foreign Investors* (Interim MOFCOM Provisions) was

published by the Ministry of Commerce (MOFCOM) in March 2011.

On 25 August 2011, MOFCOM released *Provisions on the Security Review Mechanism for the Merger and Acquisition of Domestic Enterprises by Foreign Investors* (MOFCOM Provisions) which is an operating rule in the State Council Circular, replacing the interim MOFCOM Provisions and coming into effect as of 1 September 2011.

These developments unveiled a new regime that established a potentially broad review process that will have a major impact on for-





foreign investors that will be engaged in M & A activities in China.

## Background

On 8 August 2006, MOFCOM issued the *Rules on the Merger and Acquisition of Domestic Enterprises by Foreign Investors* (M&A Rules). The M&A Rules, for the first time, provides for notification and review of an inbound M&A transaction that might have an impact on China's "national economic security".

Subsequent to the M&A Rules, the *PRC Anti-Monopoly Law*, released in 2008 further requires a "national security" review when a foreign investor participates in the concentration of business operations by merging or acquiring a domestic enterprise or by any other means where national security may arise. But neither the M&A Rules nor the *PRC Anti-Monopoly Law* provides any details on the matter other than mere reference to the term "national security".

Altogether, the State Council Circular, MOFCOM Provisions, M&A Rules, and *PRC Anti-Monopoly Law*

currently form the core of the national security review regime for foreign M&A activities in China. This article briefly examines some of the major issues involved in this newly-created regime with potential wide-ranging ramifications for foreign investors going forward.

## Scope of Security Review

### *Industry subject to National Security Review*

According to the State Council Circular, a national security review covers the following major industries: national defense industry, including industrial military enterprises and military-related industrial enterprises, enterprises located in close proximity of key and sensitive military facilities, and other entities which have an impact on national security; other sensitive industries, including important agricultural products, important energy and natural resources, important infrastructure, important transport services, key technology and major equipment manufacturing. Any acquisition of actual control of businesses in these sensitive in-

dustries will be subject to a security review.

### *Types of Foreign M&A Subject to Review*

According to the State Council Circular, the M&A of domestic enterprises by foreign investors refers to the following four types of transactions:

- (i) foreign investors purchase the equity interests of a Chinese enterprise or subscribe for increased capital of a Chinese enterprise;
- (ii) foreign investors purchase the equity interests of a Chinese shareholder of a foreign-invested enterprise (FIE) in China or subscribe for increased capital of an FIE;
- (iii) foreign investors set up an FIE and use it to purchase and operate the assets of a Chinese enterprise, or use the FIE to purchase the equity interests of a Chinese enterprise; and
- (iv) foreign investors directly purchase the assets of a Chinese

# Policy Explanation

enterprise and establish an FIE based on such assets and operate the assets.

## National Security Review Authorities

MOFCOM is the State authority responsible for preliminary review of potential transactions. If MOFCOM determines that a particular transaction is subject to a security review, it will forward the application for substantive review to an Inter-ministerial Committee, consisting of representatives of MOFCOM, the National Development and Reform Commission and other relevant departments depending on the specific industries of the potential transaction.

In reviewing a covered transaction, the Inter-ministerial Committee will consider the impact of the transaction on national defense, national economic stability, social order and research and development capabilities of major technologies affecting national security.

## Security Review Process

In accordance with the State Council Circular, there are three ways to initiate the National Security Review:

**Voluntary Filing** - Any foreign investor involved in an M&A transaction which may potentially trigger a security review can voluntarily file an application for review with MOFCOM.

**Review Requested by Third Parties** - Concerned government departments, national industrial associations, competitors and upstream and downstream enterprises that believe a particular M&A transaction should be subject to a security review can submit a request to the Inter-ministerial Committee, through MOFCOM, for security review.

**Ex Officio Review by MOFCOM** - If a local branch of MOFCOM, during its review of an M&A transaction application, finds the M&A transaction



subject to security review, such agency will require the foreign investor to file an application with MOFCOM.

## Timeline for Review

MOFCOM is obligated to notify the applicant in writing within 15 working days after the receipt of the application documents and submit to the Inter-ministerial Committee for review and approval within 5 working days after the date of notification. The applicant cannot conduct the M&A transaction within the 15 working days after the date of notification. If the applicant does not get further written notice from MOFCOM within 15 working days after such date of notification, the applicant can proceed with the relevant formalities according to laws and regulations.

## Anti-avoidance Provision-Substance Over Form

Under the State Council Circular, MOFCOM and the Inter-ministerial Committee will take a “Substance Over Form” approach in the national security review process which looks more closely at the substance and actual effect of an M&A transaction in China involving foreign investors rather than the forms it utilizes. Article 9 of the State Council Circular also expressly prohibits foreign investors from adopting any measures designed to avoid security review, including nominee shareholding(proxy) arrangements, trust arrangements, multi-layered reinvestment structures, leasing arrangements, loan

arrangements, control agreements, offshore transactions and so on.

## Impact on the VIE Structure

The anti-avoidance provision has wide ramifications for the variable-interest entity structure (VIE). The VIE structure has been used by many foreign investors to indirectly enter certain sectors in China without Chinese regulatory approval where foreign direct investment is restricted or prohibited. Under such arrangement, the Chinese founders of a domestic Chinese business and foreign investors invest in a new offshore holding company that owns a Chinese onshore subsidiary that is a “wholly-foreign owned enterprise” (WFOE) under PRC law. The WFOE enters into a series of contractual arrangements with the existing Chinese entity (the VIE) that is owned by the Chinese founders. This structure allows for the WFOE’s control of the VIE, the transfer of the economic benefits of the VIE to the WFOE, and offshore financing of the offshore holding company, or an offshore IPO.

Due to the anti-circumvention clause within the State Council Circular, such VIE structures are now subject to national security review.

## Conclusion

The State Council Circular and the MOFCOM Provisions provides preliminary guidance on national security reviews for foreign investors aiming at M&A within China but remains silent on what constitutes “important,” “key” or “affect national security.” It is still unclear what types of minority investor rights constitute control, and how the Inter-Ministerial Committee will weigh different factors in its review in practise. ☐

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WELLINGTON COLLEGE  
INTERNATIONAL  
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### Wellington College Launches Online Campus Tour

While nothing can replace an actual visit to a school to see it in operation, a virtual tour is a very effective online tool to introduce parents to the facilities a school has to offer and gives a much better idea of what the campus is really like than static photographs ever can. Wellington College International Tianjin was keen to showcase its state-of-the-art facilities and commissioned a virtual tour to enable its website visitors to take a virtual stroll through the campus. The first challenge was to find a company that could produce a tour which was user friendly and could really do justice to the campus and its wonderful facilities. One company which stood out was UK based company, 360fusion. With no less than the British Houses of Parliament as part of it's portfolio, Wellington felt they were in good company!

Ben Kenyon, 360fusion's founder and owner, jumped at the chance to work with Wellington College and enhance his impressive portfolio. "It's always nice to do a virtual tour of a great building with lots of interesting areas to photograph. Wellington College Tianjin is an impressive building and the virtual tour has a great interface and map system which makes it easy for people to navigate their way around." Ben made the trip from the North-East England to China in mid-November. It took him two days to shoot the tour's locations, with five photographs being taken at 60-degree intervals in order to complete each panorama. He then went back to the UK to work on developing the tour.



Wellington launched the tour on its website last month and you can make a virtual visit to the College at [www.wellington-tianjin.cn](http://www.wellington-tianjin.cn). When



using the virtual tour there are a couple of tips to bear in mind. The arrow keys on the control bar at the bottom of the images offer the greatest control in moving around each location. The tour also looks good in 'full screen mode.' This can again be found on the control bar. From 'full screen mode' you can navigate around the building using the drop down menus found at the top. You can also navigate effectively from the 'main map' found at the top of the right hand menu. Again, this is easy to use and is very helpful in giving a sense of where you really are in the campus. Finally, the best way to become acquainted with the school is to come and see us.

Happy viewing!

[www.wellington-tianjin.cn](http://www.wellington-tianjin.cn)



# Customer Loyalty

By Heidi Skovhus



**C**ustomer loyalty can mean two different things, depending on how you look at it. A customer can be loyal if the customer has a positive attitude towards a company or brand, and thereby prefers to buy this brand. This is considered a state of mind. A customer can also be loyal if the customer buys and continues to buy from the same company – regardless of preference or attitude. This is an actual behaviour. This article is about behavioural customer loyalty, which if you obtain it will make you earn more money. This requires a real commitment from the customer to the company – and vice versa.

## **Retention more important than acquisition**

Several researches over the years have proven that acquiring a new customer is more expensive than retaining an existing customer. Traditionally most marketing activities have been focusing on acquisition – getting a customer to try your product. This is probably because the thrill of gaining a new customer is bigger than the accomplishment of a repeat sell to

an existing customer. If you look at the figures though, the value of a repeat sell is often higher. It is becoming widely accepted that keeping customers is a vital task for companies. Companies are ultimately fighting to get the highest share of a customer's wallet. Multiple researches show that the biggest driver of share of wallet is customer loyalty.

## **General guidelines about customer loyalty**

Customers expect more than just being satisfied, and there will always be a competitor that can offer satisfaction. Loyalty is what makes your customer stick with you, and today, customers do not regard loyalty driven discounts or rewards as a nice little extra, it is becoming an expectation of the customer.

## ***Know your customer***

You have to really understand your customers in order to know what drives their loyalty. You must study and understand their behaviour, their desires and even where they are heading. Do not expect that everyone is loyal for the same reason.

*“If you want a strong customer relationship, you have to know your customers better than they know themselves”*

Bill Bernbach

### **Communicate**

If you want loyalty, you have to give loyalty. Demonstrate your commitment and let your customers know that you care about them and appreciate them. Building a lasting relationship requires communication – not talking, but communicating, which very much involves listening. Getting bad reviews from your customers can be a very important ingredient in improving your product and/or service.

### **First impressions last**

Research shows that customers remember the first and last moment of an encounter more than the rest of it. A first impression is particularly important and this sets the expectation for the rest of the relationship. So, the person at the front desk should be friendly, the doorknobs should be polished, the sign in the window should be welcoming and memorable, the front page on your web site should be engaging and interesting and so forth. The devil is in the details.

### **Surprise – in a positive way**

Be ahead of time. Surprise your customer by being a little faster than expected. This is extremely difficult in these times of instant reaction, given smartphones, twitter, etc. Meet the customer’s wishes before they are even expressed. Or, give the customer something they don’t expect, and do not tell them, just do it. Actions are much stronger than words. The size of the surprise often does not matter, it is more the thought you put into it.

### **Be consistent and credible**

Furthermore, it is a prerequisite that the company is consistent and credible. If not, customers will start to question the company and their loyalty towards it.

### **Customer Relationship Management**

Customer Relationship Management (CRM) is a business strategy to understand, anticipate, and respond to the needs of customers in order to grow the business. This is the marketing discipline in which customer loyalty is the reward of doing it right. CRM gives you a 360 degree view of your customer; it affects the customer’s experience with you and improves return on investment.



# Marketing

A common misunderstanding is that CRM is a piece of software. This is not the case; however having CRM software is a necessary enabler to handle a large amount of customer data. Based on the customer data you collect, you are able to segment your customers based on value. Typically, this will mean that you end up having three segments: Customers to be retained, customers to grow, customers to go up or out. Each segment must be treated differently, and within each segment there will be sub-segments, and each of these must again be treated differently. This will allow you to improve the satisfaction of each customer and to maximize the profitability of your individual customers.

The data driven insights that a CRM system will give you can form the basis for your loyalty programmes. Some of the more common loyalty programmes are:

- Rebate programmes: The rebate can be a gift card or certificate, which in turn will drive the customer back to your business or it can be in the form of cash back. This is well known from coffee shops, where the 10th cup of coffee is free.
- Discount programmes: Offers a specific discount off of the retail purchase price, either product specific or offered on the total basket of purchases. This is well known from big super market chains, where member cards give a certain percentage off the total price.
- Point programmes: Points are used as a currency to allow customers to keep track of their earnings. Typically, additional points are earned when the customers buys more. These are well known from airlines.
- VIP programmes: Offers “members-only” access to services, information, events etc. Well known from hotel chains that offer upgrades to members or special services like late check-out for free.

## Customer Relationship Management in China

CRM is a growing market in China and more and more marketers in China work strategically with CRM and the creation of customer loyalty. However, there are a couple of things to be aware of.







Data quality in China is a matter of extremes and it is very difficult to get “clean” data. Furthermore, it seems like the changes of the Chinese people are more frequent and dynamic than anywhere else, and this is difficult to handle from a data perspective. Many companies use credit cards as a mean to track a customer’s interaction with the company. However, in China, credit card penetration is very low – in 2013 it is anticipated to be approximately 15%. In comparison, credit card penetration in the US is more than 90%.

China is not just a big country for a company to enter. It is actually like entering into a European style market with diverse and dispersed segments. There are huge differences in levels of wealth, customer maturity, infrastructure, culture, language, customs, growth etc. and you cannot supply one strategy to this diversified market of more than a billion people. The demands of segmentation is therefore another challenge for CRM in China.

### **China and customer loyalty**

Some argue that Chinese consumers are less brand loyal than other consumers because China is fast changing in trends and tastes. Yet, some argue that Chinese consumers are just as brand loyal as any other consumers; just look at Apple, Belle International

and GouBuLi. Both arguments probably hold some truths to it.

There is no doubt that the key to loyalty in China is customer insight – as anywhere else in the world. And yes; the speed of change is high in China. And yes; Chinese consumers do not have a long track record of brand loyalty, e.g. using the same toothpaste brand for generations like in the US (Colgate). Gaining and maintaining continually updated customer insights is an enormous task, but it is necessary to acquire customer loyalty and thereby a bigger share of wallets.

Companies need to think ahead and need to build long term market positions. Do not neglect a long term positioning strategy for short term gains. The temptation to sell into every available market in China is great, but the risk of eroding long term brand image is evident.

The differences between multinational companies and Chinese companies are becoming smaller and smaller, as multinational companies adapt to doing business in China and the Chinese learn more about the Western way of doing business. Combined with more mature and advanced Chinese consumers, the battle for customer loyalty is on, and everyone is competing against everyone. ☐

# China's Logistics: Rising Demand Amidst Challenges



**D**ue to its size and rapidly growing economy, China is of paramount importance to the global logistics industry. Indeed, for many players, it is currently their key market for development and growth. However, the China logistics sector is also relatively immature. Overseas logistics companies were only permitted to set up wholly-owned business entities in China in 2005, four years after China's accession to membership in the WTO, but many have now expanded their business network across mainland China. Demand for logistics facilities has grown in tandem but the supply of modern logistics space remains limited. Out of China's total stock of 550 million sq metres of good quality storage space, only 5.8 million sq metres comprises modern logistics facilities<sup>1</sup>. Storage space per capita in China is a mere 0.38 sq metres and its ratio to external trades is 0.19 sq metres per USD 1,000 of trade in 2010. Even allowing for the less developed nature of the Chinese economy, with most manufacturing

goods targeted for exports, the market is undersupplied with quality space at a time when demand is rising.

Over the next five years, it is forecast that China will be the main driver of the global economy, with its contribution to global growth projected to increase from 30% in 2010 to 35% in 2015. China's growing clout as not only a producer but a consumer is altering the manner in which Multi-National Corporations (MNC) are drawing up business plans for the coming five years. Against this backdrop, demand for logistics facilities is

expected to grow further. However, one major factor inhibiting this growth is the difficulty which specialist industrial developers and owner occupiers are currently encountering, on a nationwide basis, in sourcing land sites for the construction of logistics facilities. As a result, the current supply-demand imbalance is expected to continue in at least the short-term, creating the conditions for logistics assets to

## Good quality warehouse stock

	Estimated warehouse stock (GFA million sq m)	Ratio to total trade volume (sq m per US\$1,000)	Warehouse stock GFA (sq m) per capita
China	550	0.19	0.41
Hong Kong	31	0.04	4.46
Japan	480	0.33	3.78
United States	1,600	0.38	5.16

Source: China Association of Warehouses and Storage, CB Richard Ellis estimates, CIA The World Factbook, Hong Kong Rating & Valuation Dept Property Review 2010

<sup>1</sup> Modern logistics facilities meet requirements of modern logistics operation for guaranteed storage safety, optimal/flexible space utilization and high operational efficiency.



appreciate and undergo significant upward rental growth.

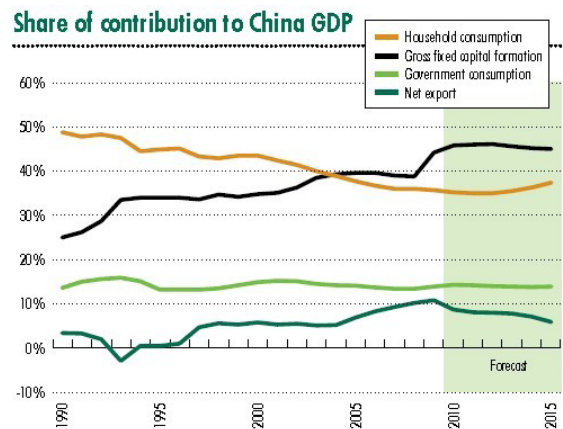
The appreciation of logistics rents and the shortage of land for logistics facilities poses a challenge for both the real estate sector and society as a whole, as logistics operators, retailers and manufacturers will factor in higher storage costs in the pricing of goods. The increase in storage costs, which accounts for about one-third of overall logistics costs, or 5.9% of the country's GDP, will add further pressure to the already high rate of inflation in China.

### The Source of Growth in China

Having served as "the world's factory" for the past 20 years, China is now re-orienting towards becoming, from the perspective of its own residents, the "world's biggest supermarket." The country has been stepping up its efforts to re-direct its model of development to make it less reliant on exports and driven more by the consumer spending of a rising middle class.

The prominently announced national goals of supporting urbanisation, reducing income inequality, improving social security and healthcare and also improving infrastructure also broadly supports the objective of

ensuring that more of the national income filters down and is spent by ordinary people.



Apart from stimulating domestic consumption, the huge economic stimulus package of 2009 which was devoted to investment in the form of infrastructure construction, and which has been reflected in the increase in contribution in gross fixed capital formation in the past two years, has also been a key driver of domestic



economic growth, accounting for 44% of GDP in 2009. While China will continue to invest in infrastructure, the level of contribution in this sector has already begun to stabilise, due, in part, to the recent implementation of several new rounds of real estate market cooling measures.

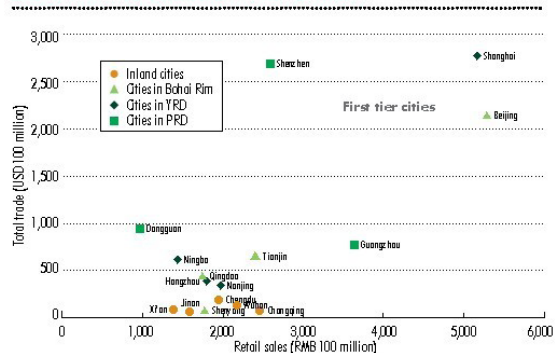
China is continuing to play a growing role in global trade, and it is projected that it will account for a larger share of global trade than the United States by 2012. Consequently, the country's key ports are expected to continue to see growth in freight volume. Five of the top 10 ports in the world are located along China's northern and eastern coast. These ports, comprising Shanghai, Ningbo, Tianjin, Qingdao and Shenzhen, already accounted for over 50% of China's total freight volume in 2009.

### Manufacturing Expansion to the Hinterland

While many manufacturing facilities are located in areas close to these major ports, some manufacturers have already begun to move their operations into China's inland cities. This locational shift is being motivated by a number of factors, including upward pressure on industrial wages, Guangdong Province's stricter

enforcement of national labour laws, and selective outbreaks of labour unrest. One of the prominent examples is iPhone manufacturer Foxconn's plan to eventually move all their mass manufacturing to sites outside Shenzhen. The company is building huge plants in Henan and Sichuan, which are the homes of most of the migrant workers now working in the coastal manufacturing bases, to accommodate 200,000 workers.

Size of retail sales and trade volume



Source: Local statistics bureaus



Apart from these factors, another reason for the shift towards the hinterland is manufacturers' growing interest in strengthening the development of their domestic sales network, reducing the need to ship goods through key foreign trade ports, and placing more emphasis on domestic transportation that is targeted specifically at satisfying local consumption needs.

Along with the growth in their domestic retail sales, PRC-based retailers are similarly keen on expanding their national sales network. Local retail chains have experienced exponential growth over the past decade, with the total floor area occupied by retail chain operations in China having risen by 400% to 118 million sq metres from 2003 to the end of 2009. Surprisingly, the pace of retail expansion was apparently totally unaffected by the onset of the global financial crisis, with total floor space occupied growing by 16% in 2009.

The confluence of all of these activities happening across the nation has collectively fed stronger domestic demand for logistics services. However, despite these growing requirements, the development of a modern logistics industry in China is still facing a number of challenges:

- The relatively low penetration of China's logistics sector by third-party logistics service providers (3PL). The amount spent on 3PL as a proportion of total logistics was only 2.7% in 2009, far lower than the 30% in Western Europe and 20.7% in the US.
- In the retail sector, only 9% use 3PL services, compared with 32% which are self-managed through retailers' own distribution networks.
- The fragmentation of the logistics market: China's top 20 operators only account for 6% of total logistics expenditure in the country.
- The general lack of a systematic approach to retail supply chain management, particularly among small and medium enterprises. According to a study conducted by Oriental Logistics, about 70% of small shops do not understand what logistics means to their business.
- China needs to raise the efficiency of its logistics sector as a whole, an improvement which is unlike to occur until the quality of transportation infrastructure in its vast inland areas begins to close the gap with the more developed coast.

## **Conclusion: Short to Medium Term Prospects of the China Logistics Sector**

The construction of new highway and railway systems will radically alter the landscape of many Chinese cities and stimulate the emergence of new areas as the preferred location for logistics and manufacturing. Specialist developers and investors in logistics facilities will be increasingly focused on urban fringe areas or even in satellite commercial/industrial cities which lie in an orbital relationship around major urban areas, but which are expected to enjoy improved accessibility when future highway projects come on stream.

Export-oriented companies will continue to account for the bulk of demand, particularly in coastal cities and areas near ports. 3PL providers are growing and increasing their penetration across China's various geographies. Fast moving consumer goods and online shopping operators are expanding as they improve their supply chain management. Demand is consequently expected to outstrip supply across the nation in the coming year. The China logistics sector is expected to mature rapidly in coming years and witness the emergence of a broader but increasingly efficient and competitive landscape. □

# You Got the Interview – Now What?

Top 5 things to remember when being interviewed for a new job

By Sam Ragnarsson



**I**n the past few months, we have looked at some general advice for job hunting, covered the ever-changing landscape of networking, and in December we went through the basics of resume writing.

This month we look at the next logical step: The interview.

The interview can be the single most important part of the process as this is your only chance of making a first

impression. It is very clear that skills, education and experience is what gets you the interview, however it is the 5 A's that could land you the job.

#### **Appearance**

It might be perceived as obvious that dressing for the occasion is very important, but in my experience only about 40% of people do! There is no single rule on how to dress for an interview, though some simple guidelines should be followed.

Being neat and clean is the main thing. Even if you are just in jeans and a T-shirt (which I don't recommend in most cases), make sure that your clothes are ironed and clean.

Dress in accordance with the job you have applied for, but possibly one level up. For example, office workers that expect to usually wear a shirt and plain trousers could put on suit for the interview.



Do not overdress, as it could be perceived as pretension and stress. If you feel you are overdressed, you probably are!

Avoid big overcoats, large briefcases or handbags and other accessories. It is painful to see people struggle where to put all these extra things away as they sit down for an interview.

It is worth being careful with strong smells as well. The strong smell of aftershave or perfume can make the interviewer doubt that they want to work in close proximity to such smells on a regular basis.

### **Attitude**

As with appearance, there can be different requirements for personal attitude based on the position being interviewed for. Anyone being interviewed for a high level of management will surely have to ooze confidence, while an intern might want to show a bit more laid back type of confidence.

But, there are things that apply to almost all interview scenarios: To begin with, be present! This means having all your attention on the task at hand, having that cell phone in

your pocket and turned off, having no obligation to be somewhere else, and never looking at the clock. In essence, nothing is more important at this moment than the interview. You will also have shown this by being on time for the interview, and possibly, 5 to 10 minutes early.

Having said that, be relaxed, without being docile. When you are offered a drink, accept and by doing so, show that you are there to stay for a while and that you are not shy. Don't sit rigid (unless you are being interviewed by a Japanese company), but of course don't slouch either.

One of the magic tricks during an interview (and in life in general) is to mirror the interviewer. If the person interviewing you speaks rapidly, try to match the speed, as it will help the flow of the conversation. This goes also for the way they sit and generally behave, though of course not too obviously. If done right, the result is that you will both enjoy the conversation, which will hopefully increase your chances of being offered the job.

### **Answer**

Sometimes answering a question has more to do with how you do it rather than what you say. The core of it is to think of the interview as a conversation, instead of an interrogation.





Stay away from very short answers, such as a simple Yes or No, while at the same time keeping your answers to the point. Make sure you understand the questions and don't be afraid to offer a bit more info than was asked for. This is your chance to provide insight into who you are, in a way that your resume can't, so do not simply repeat what is stated there.

Be positive in all your answers, almost to a fault! There is nothing more discouraging than hearing someone in an interview who moans and complains about his or her previous job.

If possible have a few stories available of yourself, should the occasion arise to tell one of them. When I say stories, I do not mean a 5-minute speech, but a maximum 1-minute tale of something in your career. It should be a little bit humorous and a tad personal, while making a point about something you achieved previously. This makes the interview with you stand out, as people remember stories better than facts.

Be enthusiastic and excited in your answers. One of the questions I often put to the people I am interviewing is a simple "Why do you want to work here?" The sad truth is that very few have any answer at all. Employers want to hire people that show true interest in working for them, so make sure that you demonstrate that.

#### Ask

You should always feel in interviews like you are also interviewing your potential employer. In some ways, and especially when referring to larger companies, the decision of employment will affect you greater than the company. Therefore, you need to be sure that you want to work for the company and that you are likely to be happy or at least content. The only way to find that out is to ask questions!

There are other reasons why you should always be ready with a few questions, such as; it helps the flow of conversation, it shows that you have a genuine interest and it can also give

you avenues to provide information you might not have been asked about but would like to share.

Like with everything else, this is a balancing act, and I have seen some ask themselves out of a job in the first few minutes.

Let me therefore give you a few things to avoid:

- Never ask questions in a way that compares this company to your previous employer: "I always got a bonus for good performance at my last job, will I get that here as well?" If the answer is no, you will already have made your potential employer look bad. Rather ask open ended "Is there any type of bonus system here?"
- Do not ask about training, as it will indicate that you are scared of taking on the job. Go by the assumption that they understand your skills and qualifications, and that if needed you will be trained.





- Stay mostly clear of salary and benefit related questions at this stage. That should be covered in a second interview, or simply asked for, if you receive an offer that does not include what you hoped for.
- Finally, remember to stick with questions that are relevant to your position. Do not venture into asking about the company's long-term plans, organization structures, future products etc., unless these directly relate to your position.

It is fine to have a few questions prepared on paper to ensure that you have covered all the main things you wanted to know. My recommendation though, is to throw in questions here and there during the interview as and when they are relevant to the topic. It makes for a more pleasant interview for both, rather than having them interrogate you, and you in turn ending the interview by interrogating them.

#### After


The end of the interview or as sales people would call it, the closing, is extremely important. At this stage, you need to make sure that there is an After!

Many interviewers complete interviews with such words as: "We'll be in contact." Instead of accepting that you need to understand what comes next, and one way to do that is to simply ask: "That is great, could you possibly tell me what the hiring process is from this point? Is there a second round of interviews and if so what sort of timing are we looking at?"

Be careful not to push too much, but the aim is to be clear on how they will proceed. If you know for example that they intend to call people in for second interview by next Friday, you have a reason to call them after that weekend if you haven't heard from them.

This also demonstrates that you value your time and that you want to keep an eye on the progress of your application.

Finally, this will give you a good indication on how the interview went. If the person interviewing you has no further things to offer than 'we'll get back to you' (even after you ask specifically) they are likely to have decided already not to hire you. On the other hand, if the interview was a great success, the interviewer will try to answer this question in order to keep your interest in the job. At this point they don't want to lose you to someone else!

The 5 A's are general guidelines for interviews that have proven successful for western companies. Some variation might apply depending on the company, the country and of course the position you are being interviewed for, but the core of it should always be relevant. Good luck! 



# The Kindle Fire is on Fire!

New player in the tablet war dents iPad sales

By Sam Ragnarsson

Last Christmas marked the entry of a new player in the tablet market war, putting a dent into the sale of the dominant player in the market, the Apple's iPad. Amazon released the Kindle Fire late last year in the USA and before the year was over more than 4 million units had been sold.

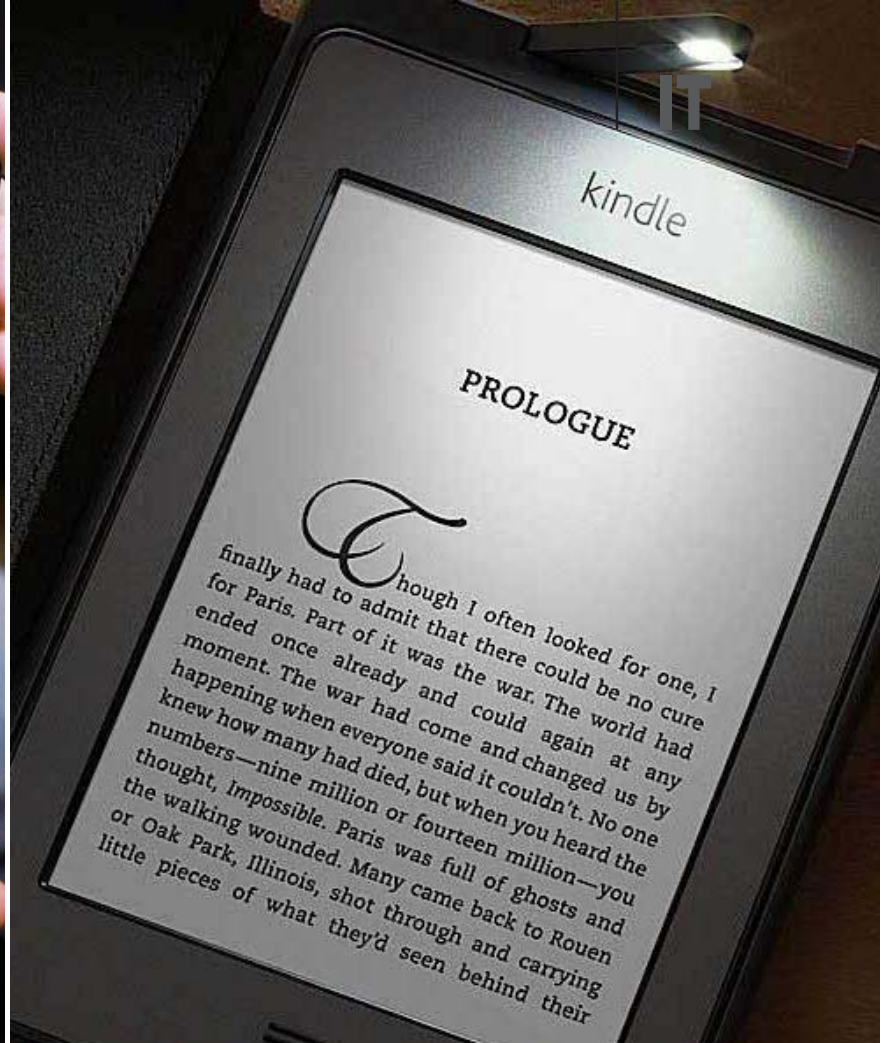
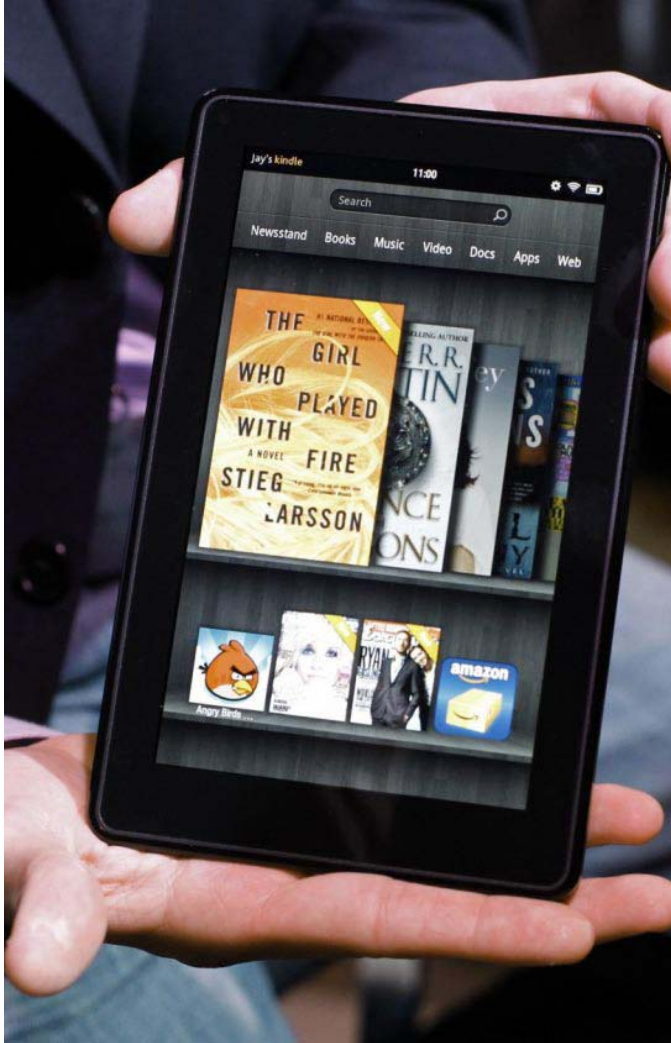
The instant popularity of the Kindle Fire is not really a surprise when looked at closely. Amazon has a massive and loyal customer base, largely centred on books and movies, and was already dominating the e-reader market with their Kindle and Kindle Touch. However, going against the

iPad, where others such as Samsung and Sony have more or less failed, could have been a risky move, but Amazon played this to perfection.

Keeping to bare essentials, while playing up the Kindle aesthetics, they released a useable and beautiful tablet for less than USD 200. This instantly gave customers who primarily use tablets for the basic functions of reading, surfing the web, watching content, and emailing, a real alternative to the costly iPad. Clearly Amazon had to reduce functionality to some degree and there are a few big items that many tablet users can't do without.

First, is the lack of 3G, which was also the biggest objection Apple received regarding their first iPad. The Kindle Fire only has Wi-Fi, but unlike the iPad it becomes almost useless without an Internet connection due to its very small storage space.

Second, is therefore, the lack of storage space. With the first iPad, you could load several movies onto the tablet, which I regularly did for long flights. But, there is simply not enough room on the Kindle Fire to use it this way. Amazon states on their Kindle Fire Page that the 6GB available for user content can store up to 10 movies, but as you start using a



device like this and save a few books, some music, and of course your favorite apps, in reality you end up with very little storage.

Third, would be the lack of a camera. It is questionable though if one really needs a camera in a tablet, as almost every phone these days has a camera. Or at least, does one need a camera in a tablet that does not support 3G? A camera is clearly something users can do without though it is a nice bonus to have.

Seeing these missing features, is the price a good enough reason to go for a Kindle Fire instead of other tablets? Clearly over 4 million customers in the USA believe so, and for good reason.

The Kindle Fire is a much more manageable size than other larger tablets. With a 7 inch screen, it fits nicely in one hand and can even fit in larger pockets of your jacket, and surely in women's purses. Being also lighter, the need for a stand becomes less oppressive.

With Amazon Cloud you can store all your Amazon digital content and this becomes easily accessible through the Kindle Fire. Online content has always been a bit difficult to navigate with Apple, especially because of their only awful product (iTunes), so hopefully Amazon has more successfully solved this.

Amazon isn't only demonstrating with the Kindle Fire that they can take on the almighty iPad, but that they can also scare Netflix. With Amazon Prime they are offering access to a huge library of movies and books for only USD 79 a year. It is not clear yet how well Amazon stacks up against Netflix in the long run regarding content, but Amazon is in a better position to make deals with content providers as they already have relationships with most of them.

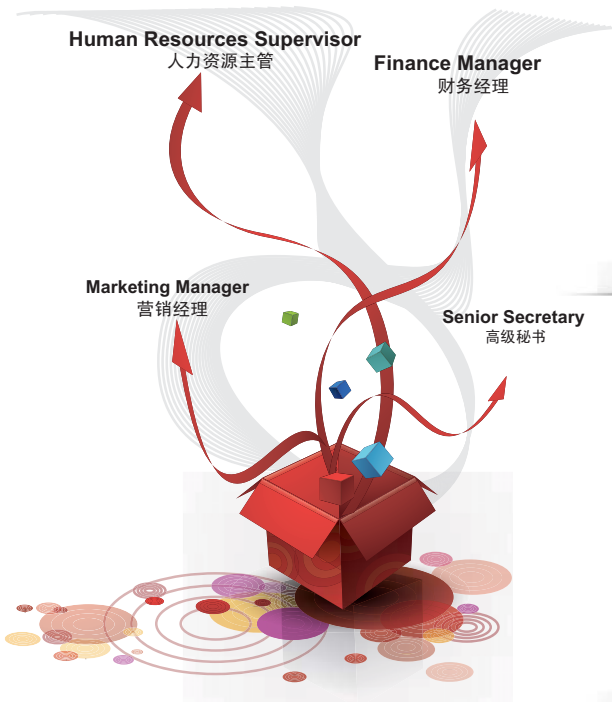
The Kindle Fire is here to stay and it will be exciting to see what the next version will look like. Rumours of an iPad 3 being released in the first

half of this year are strong, though details of what enhancement, besides a better display and Siri addition, are sketchy. Other tablets still seem to be lagging behind, but as the iPad might lose its stronghold with the introduction of the Kindle Fire, it could just open up the whole tablet market in general.

As with so many other new gadgets and new services, China will be among the last to benefit, if at all! Currently the Kindle Fire is not officially available in China, and even if it were, the streaming of Amazon content is not possible here. Slow Internet connections in general in China also makes streaming very difficult at best, and goes to show that China still has some ways to go to catch up. Surely though, China will find their own solutions, as they already have done with applications and content for smartphones. ☐

## INTERNATIONAL ORGANISATIONS

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[HR@boxinren.com](mailto:HR@boxinren.com)



Marketing Manager  
营销经理

Code: MM120201

### JOB DESCRIPTION:

- Develop strategy for growth and expansion of current business
- Maintain and develop relationships with key customers
- Coordinate and execute planned events
- Lead a marketing/sales team
- Check sales proposals, presentations and contracts, negotiate and close contract with clients
- Prepare monthly report of activities and goals

### WHO WE ARE LOOKING FOR:

- Bachelor's degree or above, major in marketing or business administration
- 5 years of marketing/sales experience
- Ability to meet multiple objectives in an entrepreneurial environment with little supervision
- Negotiation skills
- Good interpersonal skills
- Team-leading experience
- Proficiency in written and spoken English

Human Resource Supervisor  
人力资源主管

Code: HRS120202

### JOB DESCRIPTION:

- Establish and implement HR policies and projects
- Manage the recruitment process
- Communicate and coordinate internal and external communication
- Develop a training program that supports the needs of the business and enhances the performance of individuals
- Organize and manage training activities, develop and improve the content of training courses, manage and file training results, ensure the effect of training courses on the improvement of employees' actual working ability
- Develop relationships with agency and arbitration bureau
- Coordinate with other departments

### WHO WE ARE LOOKING FOR:

- Comprehensive knowledge of HR policies and practices
- Strong mentoring and counseling skills
- At least 3 years of experience in a similar position
- Patient, good at communicating with people at all levels
- Degree in Human Resources, Business Administration or related discipline
- Works well under high pressure
- Good spoken and written Mandarin and English

Finance Manager  
财务经理

Code: FM120203

### JOB DESCRIPTION:

- Responsible for accounting department
- Prepare and analyze periodic financial reports
- Coordinate monthly closing and budget control
- Handle tax declarations
- Support all CFO responsibilities
- Manage cash flow

### WHO WE ARE LOOKING FOR:

- Education in Finance
- Several years of experience in the financial field
- Highly organized
- A fine eye for details
- Good spoken and written English
- Team player, sense of responsibility

Senior Secretary  
高级秘书

Code: GA120204

### JOB DESCRIPTION:

- Responsible for providing senior-level secretarial and clerical services for the GM
- Provide office support service
- Represent GM in events and business issues
- Perform other related duties as required

### WHO WE ARE LOOKING FOR:

- office administration experience
- an understanding of the western cultural and political environment
- analytical, problem-solving, time management and decision-making skills
- computer skills including the ability to operate computerized accounting, spreadsheet and word processing programs at a highly proficient level
- demonstrate sound work ethics
- Fluent English (speaking, reading and writing); candidates with Spanish proficiency will be preferred.

## 2012 TEDA Modern Service District (MSD) Appreciation Ceremony Held

**W**ith an aim towards appreciating all the customers who have supported TEDA MSD during the past year, on 10 Jan 2012, a grand ceremony themed, "Meet the world glory, Light up the future light" was held in TEDA MSD Sector C. Many leaders from Tianjin Binhai New Area Development Zone and media participated in this event.

### **New Year Appreciation – Light up the Future Light**

Attendees, together with the staff of Tianjin TEDA Development Co., Ltd, jointly recounted TEDA MSD's remarkable achievements from the ground breaking ceremony until now. Mr. Zhang Bingjun, President of Tianjin Investment and Share Holding Co., Ltd and Tianjin TEDA Development Co., Ltd, announced that by the end of 2011, operating revenue had reached CNY 103 million in a period of just one year. The event is geared towards thanking customers for their support of the development of TEDA MSD.

As government leaders and honoured guests jointly started the pyramid shaped device which symbolizes a bright future, the ceremony proceeded to the highlight which began with the centre of the stage giving off a bright light then extending to the sector C Office building and finishing with all three tower buildings lit up. At the same time, colourful fireworks sparkling throughout the project site made TEDA MSD a beautiful scene.

**Excellent Quality – Navigate Binhai Business Life**  
TEDA MSD is the abbreviation of the Tianjin Economic-Technological Development Area Modern Service District. This project was initiated in February 2008. It is planned to house international Grade-A office buildings covering an area of 1.34 million square metres. It provides rental and sales service of international-level Grade-A office buildings, commercial operations and high-level property management, and was known as "the most expensive square mile district in Binhai Area".

TEDA MSD began operations in November 2010. It serves as the first international Grade-A office building. With world leading hardware and software facilities and a green working environment, MSD has officially passed the US Green Architecture LEED pre-certification. By the end of 2011, the occupancy rate of Sector C is 65%. A large number of renowned enterprises have settled in MSD including Binhai International Intellectual Property Rights Exchange, Binhai Investment Group, the Executive Centre, Veolia Observatory of Urban Lifestyles, and China Architecture. In addition, two commercial giants Mitsubishi-Sunshine Shopping Mall and Isetan are present.

In 2012, with the construction of Sector A & B, TEDA MSD will attract more top-level international enterprises. ☐



Zhang Bingjun, President of Tianjin Investment and Share Holding Co., Ltd and Tianjin TEDA Development Co., Ltd,





European Chamber  
中国欧盟商会

## EUROPEAN CHAMBER TIANJIN CHAPTER

Room15A17, Suite 17, Magnetic Plaza, BinShui Xi Dao, Nankai District, Tianjin 300381.

Tel: +86 22 2374 1122 Fax: +86 22 2374 1122

Email: tianjin@euccc.com.cn www.europeanchamber.com.cn

### Bon Appetit: Tianjin United Family Hospital and EUCCC Host Event on Food Safety



**F**ood safety continues to be an important topic not just for the expatriate community, but for Chinese society in general. As part of what hopefully will become a regular series of community outreach events focusing on matters of health, Tianjin United Family Hospital, in partnership with the European Union Chamber of Commerce in China (EUCCC), hosted an

event at the Renaissance Tianjin Lakeview Hotel, focusing on food safety with Family Physician Dr. Richard Saint Cyr MD DABFM as the featured speaker for the evening.

The event began with a short speech by current EUCCC Tianjin Chapter Chair Gabriele Castaldi where he welcomed the approximately 25 attendees of the event. Next, Dr. Saint Cyr delved into his presentation on food safety in China and different things that people can do to minimize their risk of food related illnesses. As author of the famous food safety blog, [www.myhealthbeijing.com](http://www.myhealthbeijing.com), Dr. Saint Cyr is well known throughout the expat community in Beijing and brought his knowledge of food sourcing and safety to Tianjin. A major portion of the presentation talked about the kinds of foods to avoid and other things that can be done to ensure your food source is safe.

The evening's presentation contained three sections that when taken together offer a comprehensive approach to food safety. The first section touched on water safety and what is

the safest method to provide clean water to one's home. Next, he discussed sourcing of seafood, as many bodies of water in China have extreme pollution levels. To go along with seafood, the good doctor also mentioned several websites where people can order certified organic milk and vegetables for home delivery. Lastly, vegetable washing and food preparation were discussed as many vegetables have excessive levels of pesticides or other residues on them. Following Dr. Saint Cyr's presentation was a complementary presentation by Gao Yang, Head of Security, for Airbus Tianjin. Mr. Gao's presentation focused on specific cases of food contamination that have happened recently in China and what products to be aware of when shopping. To conclude the evening, a question and answer session followed along with a networking event for attendees to get to know other members of the expat community.

As a new member of the Tianjin community, Tianjin United Family Hospital looks forward to hosting more events to help increase the health and wellness of not just the expat community in Tianjin, but the general community as well. ☒





## AmCham-China Tianjin Chapter

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

### PAST EVENT

#### Inter-Chamber Business Networking Event in Tianjin 17 January @ The St. Regis Tianjin

After a well-received inter-chamber business networking event that attracted over 120 professionals and executives at the St. Regis Tianjin last November, we started the new networking year where we hosted the last event. If you missed out on our last event or are new in town, be sure to join us some time. We look forward to meeting you, and remember - you never know who you might meet!

### UPCOMING EVENTS:

#### 14 Feb Women's Professional Committee Kick Off Event

Venue: Cosy Café, 3F, Lotte Department Store  
Time: 15:00—17:30

#### 16 Feb Monthly Executive Breakfast Briefing

Venue: Prego Restaurant, The Westin Tianjin  
Time: 07:15—09:00  
CNY 60 for members  
CNY 100 for employees from member companies  
CNY 150 for non-members



Camera di Commercio Italiana in Cina  
中国意大利商会  
China-Italy Chamber of Commerce

Beijing, Unit 1612, Zhongyu Plaza, A6, Gongti North Road  
Chaoyang District, 100027, Beijing, China

Shanghai, Room 1604, Xin Cheng Mansion, No.167 Jiang Ning Road, 200041 Shanghai, China

Guangzhou, Garden Hotel, Room 948, 368 Huanshi Dong Road, Garden Tower  
Guangzhou, 510064

### PAST EVENT

#### 10 December 2011, The Italian Gala Dinner 2011 in Beijing

Every year, the China-Italy Chamber of Commerce is proud and honoured to gather the Italian and the Chinese business community for its Gala Dinner in Beijing.

Traditionally, the event not only aims at providing a unique atmosphere, but also at stressing what makes the "Made in Italy" label appreciated throughout the world.

While celebrating the Italian passion for life, arts, food, music and socializing in perfect harmony with Chinese culture, the event turns into an exclusive rendez-vous that year after year has improved the awareness of Italian products in China with the aim of stimulating demand from Chinese consumers.

#### 16 January 2012. Welcome 2012 Italian Dinner, Il Ponte Italian Restaurant - Hilton Hotel, GuangZhou

China-Italy Chamber of Commerce—Guangzhou Office wishes all the members a happy new year. To stay closer to our members in 2012, CCIC hosted a welcome dinner at the Il Ponte Italian Restaurant in GuangZhou from 19:30 to 22:00. Members were able to meet and socialize to celebrate the new year while enjoying fine Italian cuisine and drinks.









FEBRUARY						
MON	TUE	WED	THU	FRI	SAT	SUN
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29				

## FEBRUARY 2012 TIANJIN & BEIJING EVENTS

**02**  
THU  
星期二

### Inaugural FIP Snow Polo World Cup Invitational Tournament

📍 Tianjin Goldin Metropolitan Polo Club  
天津环亚国际马球会  
¥ 220/260/330/1100/1500/2000  
☎ +86 22 2777 8571  
☎ +86 22 2730 7780  
2 - 12 FEB



**03**  
FRI  
星期五

### Lantern Festival Family-themed Temple Fair

📍 Family Box Centre  
家盒子(朝阳区望京北路51号院4号楼)  
⌚ 10:00  
¥ 580 for family ticket (two parents + one child)  
☎ 400-610-3721  
3 - 4 FEB

**04**  
SAT  
星期六

### Children Drama

📍 Tianjin Concert Hall 天津音乐厅  
⌚ 10:00/19:30  
¥ 50/80/120/180/280/380  
☎ +86 22 2777 8571



**05**  
SUN  
星期日

### China Modern Classic Symphony Concert - Festival Overture

📍 Tianjin Concert Hall 天津音乐厅  
⌚ 19:30  
¥ 30/50/80/120/180/280  
☎ +86 22 2777 8571



**06**  
MON  
星期一

### China International Fishing Products Trade Fair

📍 China International Exhibition Centre New Pavilion 中国国际展览中心新馆  
☎ +86 21 6299 0137 Ext.812  
6 - 8 FEB

### Superbowl XLVI - Live

📍 Hank's Sports Bar & Grill  
南开区天塔道上谷商业街B座561门  
⌚ 05:00  
¥ 200/seat  
☎ +86 22 2341 7997

**08**  
WED  
星期三

### Folk Music Concert

📍 Donggong Theatre 东宫影剧院  
⌚ 19:30  
¥ 120/180/280  
☎ 400-610-3721

**10**  
FRI  
星期五

### Chinese Peking Opera - Kylin Bag

📍 Tianjin China Grand Theatre 天津中国大戏院  
⌚ 19:30  
¥ 60/80/100/180/280/380/480/580/680  
☎ +86 22 2777 8571, +86 22 2730 7780



### Cartoon-style Humorous Drama - As Timid As a Hare

📍 Tianjin Renyi Theatre 天津人艺实验剧场  
⌚ 19:30  
¥ 100/120/180  
☎ +86 22 2777 8571, +86 22 2730 7780  
10 - 26 FEB



**14**  
TUE  
星期二

### Women's Professional Committee Kick Off Event

📍 Cosy Café, 3F, Lotte Department Store  
乐天百货(南开区东马路137号)  
⌚ 15:00-17:30  
☎ +86 22 2318 5075

## Special Days

- Feb 2 World Wetlands Day
- Feb 4 the Beginning of Spring (lǐ chūn)
- Feb 6 Lantern Festival
- Feb 14 Valentine's Day
- Feb 19 Rain (yǔ shuǐ)
- Feb 21 International Mother Language Day

# Calendar

Include your event  
email to [editor@businesstianjin.com](mailto:editor@businesstianjin.com)

**16**  
THU  
星期四

### Monthly Executive Breakfast Briefing

📍 Prego Restaurant, The Westin Tianjin Hotel  
天津君隆威斯汀  
🕒 07:15-09:00  
¥ CNY 60 for members  
CNY 100 for employees from member companies  
CNY 150 for non-members  
☎ +86 22 2318 5075

### TICC Monthly Lunch

📍 Hanks Sports Bar & Grill  
南开区天塔道上谷商业街B座56门  
🕒 12:00  
✉ [ticc\\_09@hotmail.com](mailto:ticc_09@hotmail.com)



**17**  
FRI  
星期五

### Wan Long Ski Trip

¥ 350 per person round trip  
(bus service only)  
☎ +86 135 0207 0987 (Nancy)  
✉ [info@chinabustravel.com](mailto:info@chinabustravel.com)  
**17 - 19 FEB**



**18**  
SAT  
星期六

### TICC Beijing Bus Trip

- Ikea & Sanlitun  
📍 Pizza Hill Magnetic Capital  
奥城嘉喜来披萨  
🕒 08:00  
✉ [ticc\\_09@hotmail.com](mailto:ticc_09@hotmail.com)



**23**  
THU  
星期四

### China International Cleaning Energy Exposition

📍 China International Exhibition Centre Centre  
中国国际展览中心  
☎ +86 21 6299 0137 Ext.812  
**23 - 25 FEB**

**24**  
FRI  
星期五

### Folk Music Classic Concert

📍 Western Shore Art Gallery 西岸艺术馆  
🕒 20:00  
¥ 100  
☎ +86 22 2326 3505



**25**  
SAT  
星期六

### China-Europe Youth Symphony Chorus Concert

📍 Tianjin Concert Hall 天津音乐厅  
🕒 19:30  
¥ 50/80/120/180/280/380  
☎ +86 22 2777 8571



### Chamber Music Quintet Concert - Rhythm of the Melody

📍 Western Shore Art Gallery  
西岸艺术馆  
🕒 20:00  
¥ 100  
☎ +86 22 2326 3505



**29**  
WED  
星期三

### Vladimir Ashkenazy Orchestra Concert

📍 National Grand Theatre Concert Hall, Beijing  
国家大剧院音乐厅(北京人民大会堂西侧)  
🕒 19:30  
¥ 120/200/300/350/400  
☎ 400-610-3721



# Selected INTERNATIONAL FLIGHTS

for more, contact [editor@businessianjin.com](mailto:editor@businessianjin.com)  
(1=Mon, 2=Thu, 3=Wed, 4=Thu, 5=Fri, 6=Sat, 7=Sun)

## From Beijing

DEST	DEP	ARR	Flight No	Days
Addis Ababa	22:30	06:00(+1)	ET605	1234567
Amsterdam	11:05	15:15	KL0898	1234567
Bangkok	17:05	21:15	TG615	1234567
Dubai	01:20	05:55	HU491	1234567
Delhi	07:40	02:05(+1)	KA937/CX695	1234567
Brussels	23:55	04:20(+1)	EK307	1234567
Frankfurt	10:30	14:40	LH721	23.567
Hanoi	15:45	18:20	VN901	.23.567
Helsinki	14:55	18:40	SK996	1234567
Hong Kong	10:00	13:35	CX347	1234567
Istanbul	23:55	05:25(+1)	TK021	1234567
Kuala Lumpur	09:00	15:10	MH371	123.6.
London	11:15	15:00	BA038	1234567
Los Angeles	14:00	11:00	CA987	1234567
Madrid	00:05	06:35	CA907	.234.67
New York	13:00	14:20	CA981	1234567
Osaka	08:40	12:40	CA927	1234567
Paris	09:30	14:20	AF129	1234567
San Francisco	12:00	08:17	CA8888	1234567
	11:45	14:50	KE2852	1234567
Seoul*	14:00	17:10	KE856	1.3.5.7
	21:20	00:15	KE854	1234567
Singapore	00:45	07:05	SQ801	1234567
Sydney	16:50	06:50(+1)	NZ4905	.2.456.
Moscow	02:30	06:40	SU574	1234567
Ulaanbaatar	08:35	10:50	CA901	1234567
Vancouver	16:15	11:30	AC030	1234567

## To Beijing

ORIGIN	DEP	ARR	Flight No	Days
Addis Ababa	00:05	15:30	ET604	1234567
Amsterdam	17:35	08:55(+1)	KL0897	1234567
Bangkok	10:10	15:50	TG614	1234567
Brussels	13:50	05:40(+1)	HU492	1234567
Delhi	23:35	19:15(+1)	CX694/KA974	.2.4..7
Dubai	04:10	15:10	EK306	1234567
Frankfurt	17:20	08:30(+1)	LH720	1234567
Hanoi	10:10	14:45	VN900	.23.567
Helsinki	18:05	06:55(+1)	AY051	1234567
Hong Kong	17:00	20:20	CX312	1234567
Istanbul	23:45	15:00	TK20	1234567
Kuala Lumpur	00:20	06:35(+1)	MH370	123.6.
London	16:45	09:30(+1)	BA039	1234567
Los Angeles	01:40	05:20	UA7617	1234567
Madrid	11:25	05:00(+1)	CA908	.23.56.
New York	16:50	18:20(+1)	CA982	1234567
Osaka	13:50	16:00	CA928	1234567
Paris	20:20	12:25(+1)	CA934	1234567
San Francisco	14:50	17:55(+1)	CA986	1234567
	09:05	10:25	KE2851	1234567
Seoul*	11:35	12:50	KE855	1.3.5.7
	19:00	20:10	KE853	1234567
Singapore	08:45	14:55	SQ802	1234567
Sydney	11:20	23:00	NZ4906	1.3.567
Moscow	13:20	01:00	SU573	1234567
Ulaanbaatar	11:50	14:00	CA902	1234567
Vancouver	13:50	16:15(+1)	CA992	1234567

## From Tianjin

DEST	DEP	ARR	Flight No	Days
Hong Kong	08:35	11:50	CA103	1234567
Seoul*	12:40	15:25	KE806	1234567
Nagoya	14:00	17:45	JL840	1234567
Kuala Lumpur	11:55	21:10	CZ365	1234567

## To Tianjin

ORIGIN	DEP	ARR	Flight No	Days
Hong Kong	12:50	16:05	KA104	1234567
Seoul*	10:35	11:30	KE805	1234567
Nagoya	10:30	12:40	JL841	1234567
Kuala Lumpur	09:40	19:05	CZ366	1234567



\* Flights from Beijing/Tianjin to Seoul, from Seoul to Beijing/Tianjin provided by Korean Air. Schedules are subject to government approval and may be changed without prior notice.

## Airline Code

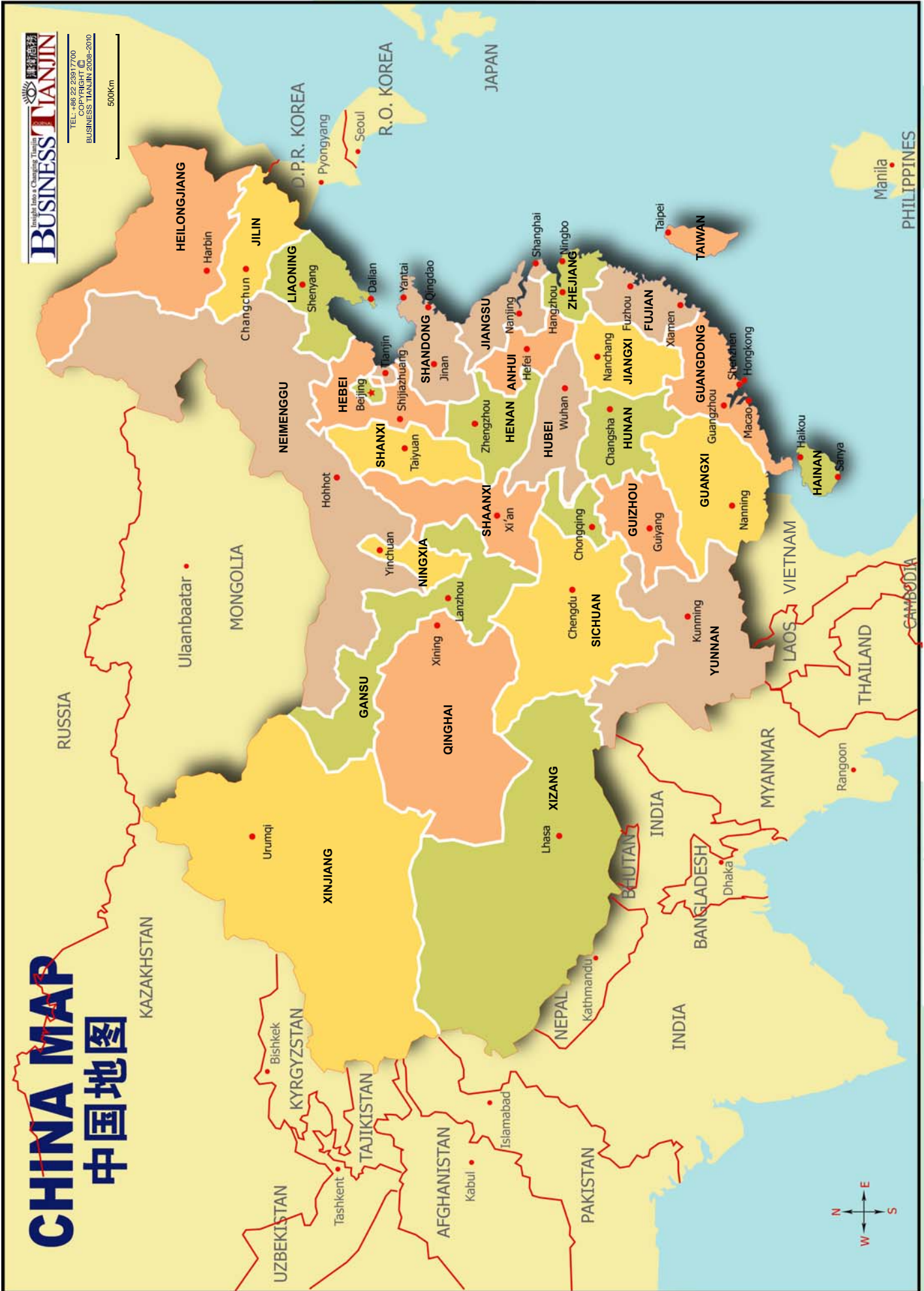
<b>AC</b> Air Canada	<b>EK</b> Emirates	<b>LH</b> Lufthansa	<b>SQ</b> Singapore Airlines
<b>AF</b> Air France	<b>ET</b> Ethiopian Airlines	<b>LY</b> El Al Airlines	<b>SU</b> Aeroflot Airlines
<b>AY</b> Finnair	<b>EY</b> Etihad Airways	<b>MS</b> Egypt Airlines	<b>TG</b> Thai Airways International
<b>BA</b> British Airways	<b>HU</b> Hainan Airlines	<b>NH</b> All Nippon Airways	<b>TK</b> Turkish Airlines
<b>CA</b> Air China	<b>JL</b> Japan Airlines	<b>NZ</b> Air New Zealand	<b>UL</b> Sri Lanka Airlines
<b>CX</b> Cathay Pacific	<b>KA</b> Dragon Air	<b>QF</b> Qantas Airways	<b>VN</b> Vietnam Airlines
<b>CZ</b> China Southern Airlines	<b>KE</b> Korean Air	<b>QR</b> Qatar Airways	
<b>D7</b> Air Asia	<b>KL</b> KLM-Royal Dutch Airlines	<b>SK</b> Scandinavian Airlines	

# CHINA MAP 中国地图

Insight Into a Changing Tianjin  
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500Km

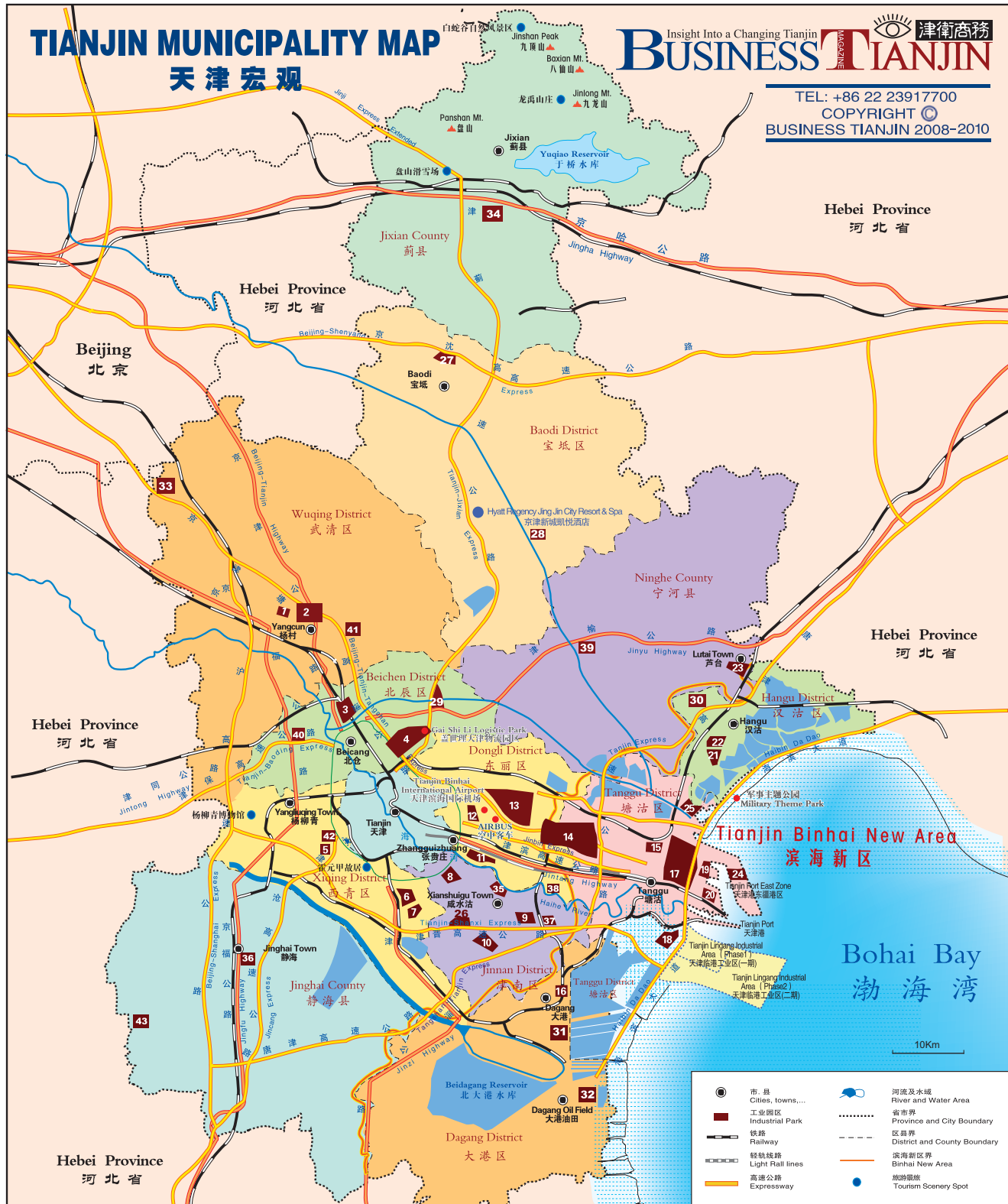


# Tianjin Industrial Parks & Economic Development Areas

## TIANJIN MUNICIPALITY MAP 天津宏观

Insight Into a Changing Tianjin  
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### List of Tianjin Industrial Parks & Economic Development Areas

- |  |   |  |   |
|--|---|--|---|
| 1 TEDA Yat-Sen Scientific-Industrial Park<br>TEDA逸仙科学工业园                                   | 10 TEDA (Jinnan) Microelectronic Industrial Park<br>TEDA微电子(津南)工业区  | 19 Tianjin Port Container Logistics Center<br>天津港集装箱物流中心 | 28 Tianjin Baodi Jiuyuan Industrial Park 天津宝坻九园工业园区                   |
| 2 Wuqing Development Area<br>武清开发区   | 11 Dongli Economic Development Area<br>东丽经济开发区                      | 20 Tianjin Port Free Trade Zone<br>天津保税区                 | 29 Tianjin Beichen Economic Development Area<br>天津北辰经济开发区             |
| 3 Beichen Hi-Tech Industrial Park (North)<br>北辰科技园(北区)                                     | 12 Tianjin Airport International Logistics Zone<br>天津空港国际物流区        | 21 TEDA Chemical Industrial Park<br>TEDA化学工业区            | 30 Tianjin Jixian Chadian Industrial Park 天津蓟县茶淀工业园区                  |
| 4 Beichen Hi-Tech Industrial Park (South)<br>北辰科技园(南区)                                     | 13 Tianjin Airport Industrial Park<br>天津空港物流加工区                     | 22 Hangu Chemical Industrial Park<br>汉沽化学工业园区            | 31 Tianjin Dagang Economic Development Area 天津大港开发区                   |
| 5 Tianjin Hi-Tech Industrial Park<br>Huayuan Industrial Development Area<br>天津新技术产业园区华苑产业区 | 14 TEDA West<br>天津经济技术开发区(西区)                                       | 23 Ninghe Economic Development Area<br>宁河经济开发区           | 32 Tianjin Dagang Petrochemical Industrial Area 天津大港石化产业园区            |
| 6 Xiqing Development Area<br>西青开发区   | 15 Dagang Development Area<br>大港开发区                                 | 24 Dongjiang Duty-Free Port Area<br>天津东疆保税港区             | 33 Tianjin Wuqing Dawangou Economic Development Area<br>天津武清区大王古经济开发区 |
| 7 TEDA (Xiqing) Microelectronic Industrial Park<br>TEDA微电子(西青)工业区                          | 16 Tanggu National Marine Hi-Tech Development Area<br>塘沽国家海洋新技术开发区  | 25 Sino-Singapore Eco-City<br>中新生态城                      | 34 Tianjin Ji County Economic Development Area 天津蓟县开发区                |
| 8 Jinnan Economic Development Area (West)<br>天津市津南经济开发区(西区)                                | 17 Tianjin Economic-Technological Develop. Area (TEDA)<br>天津经济技术开发区 | 26 Tianjin Balitai Industrial Park<br>天津八里台工业园区          | 35 Tianjin Jinnan Xinda Industrial Park 天津津南鑫达工业园区                    |
| 9 Jinnan Economic Development Area (East)<br>天津市津南经济开发区(东区)                                | 18 Tianjin Port Bulk Cargo Logistics Center<br>天津港散货物流中心            | 27 Tianjin Baodi Economic Development Area<br>天津宝坻经济开发区  | 36 Tianjin Jinghai Economic Development Area 天津静海经济开发区                |
|  |   |  | 37 Tianjin Jinan Economic Development Area 天津津南经济开发区                  |
|  |   |  | 38 Tianjin Junliangcheng Industrial Park 天津军粮城工业园区                    |
|  |   |  | 39 Tianjin Panzhuang Industrial Park 天津潘庄工业园区                         |
|  |   |  | 40 Tianjin Shuangkou Industrial Park 天津双口工业园区                         |
|  |   |  | 41 Tianjin Wuqing Fuyuan Economic Development Area<br>天津武清福源经济开发区     |
|  |   |  | 42 Tianjin Zhongbei Industrial Park 天津中北工业园区                          |
|  |   |  | 43 Tianjin Ziya Industrial Park 天津子牙工业园区                              |

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TIANJIN BINHAI







# IT Bubble Bursts

A Cold Winter in the Tech Sector

By Mike Cormack

The ongoing housing price correction – to use a less alarming phrase – has perhaps prevented the bursting of the Chinese IT stock bubble from receiving the full attention it deserves. While house prices affect a much broader social range and have a bigger economic impact, IT stocks are bellwethers of China as a “new economy”, indicators of the Chinese ability to create and regulate a new economic sector. China’s economic success has largely been based upon low-cost (and low-skill) manufacturing; however, to rise up the value chain, as was successfully done by Singapore, Taiwan, Thailand and so on, requires success in more creative industries. The Chinese IT industry, with its enormous market (450 million online, as of August 2011) and the low cost of website creation, was seen as a surefire winner, especially following the success of Alibaba group, the blocking of overseas competition (such as Facebook and Twitter) and the failure of overseas competitors like eBay.cn and Groupon.

The past few years thus saw a series of IPOs (often listing on the NASDAQ) where IT stocks soared to dizzying heights. However, as Kai



Lukoff at iChinaStock.com points out, the market peaked in April and has declined over 50% since then. Renren, a Facebook clone with Chinese characteristics, rocketed to USD 17 a share on its IPO; it’s now trading at USD 3.30. (Bill Bishop, the esteemed China commentator, points out on his Digicha blog that Renren CEO Joe Chen sold approximately USD 50 million of stock during the IPO.) Youku similarly reached USD 65 a share in April and slumped below USD 16 in December.

Meanwhile, new regulations on microblogs show the difficulties within which the sector is operating. Beijing residents are now required to register with their real name when using weibo (whether Sina or Tencent). Some of the regulations (translated by William Farris and posted by him on Google+), are as follows:

Article 4. Websites that launch micro-blog services shall abide by the Constitution, laws, regulations, and rules, and operate in a sincere, honest, and civilized manner, actively spread the core values of the socialist system, disseminate advanced socialist culture, and build a harmonious socialist society.

Article 7. Anyone who launches a micro-blog services website shall comply with relevant laws, regulations, rules, and the following provisions:

(i) establish comprehensive micro-blog information security management systems;

(v) establish a comprehensive system of exposing false information and the timely publication of truthful information;

(vii) do not create fake micro-blog users;



(viii) stop and restrict users that spread harmful information, and make a timely report to the public security authorities upon discovery of any act that constitutes a violation of public order or that is suspected of being a crime;

Article 8. Websites that launch micro-blog services shall establish a comprehensive system for the examination and verification of information content, and shall supervise all information content production, copying, publication, and transmission.

Article 9. Any organization or individual that registers a micro-blog account and produces, reproduces, publishes, or disseminates information content shall use real identity information, and shall not carry out registration by falsifying or replicating a resident's identity information, business registration information, or organization code information.

Websites that launch micro-blog services shall ensure the authenticity of registered user information under the preceding paragraph.

Article 10. No organization or individual shall make unlawful use of a micro-blog to reproduce, publish, or transmit information with the following contents:

- (i) violating the basic principles of the Constitution;
- (ii) jeopardizing national security, leaking state secrets, subverting the



government, undermining national unity;

(iii) harming national honour and interests;

(iv) inciting ethnic hatred or ethnic discrimination, undermining national unity;

(v) violating state religion policies or propagating cults and feudal superstitions;

(vi) spreading rumours, disturbing social order, or undermining social stability;

(ix) inciting illegal assembly, association, processions or demonstrations, assembling to disturb social order

Given that the vibrancy of Chinese microblogging contributed in large part to the success of Sina (owner of the largest weibo), this move is likely to greatly diminish user interest. (Already average online time has declined from an average of 29 minutes per day in July to 20 minutes per day in December). Though this regulation only applies at the moment to Beijing users, this is extremely likely to be applied throughout the rest of the mainland, and follows the government's

traditional route of incremental policy implementation.

The regulatory framework of the Chinese IT sector is one which clearly seems to pose material risks for investors. Further restrictions and controls seem highly likely. Whether these will throttle the vibrant life out of Chinese internet and social media corporations, or whether they will neuter them to an agreeable state of docility, remain to be seen. My own bet would be on the latter. Given the tremendous population in China and the modern tendency to get online and get connecting, an IT sector with strong controls could still easily have a large audience. The publishing, TV, radio, and media sectors all are subject to similar controls and retain large audiences. There's no intrinsic reason the internet cannot be controlled similarly. Whether this will ultimately be a good thing for the IT sector is another question. At the very least, such controls are likely to limit creativity and expression at precisely the moment when China is seeking to advance in these areas. ☐

# GEMS World Academy Tianjin Eco City

## OPEN INVITATION...



### Parent information sessions: GEMS TEDA Office:

Wed Feb 15th      10:00 am English  
                                 1:00 pm Korean  
Wed Feb 29th      6:00 pm English

### Renaissance Tianjin Downtown:

Mon March 12th    1:00 pm  
Thurs March 15th   6:00 pm  
Mon March 26th    1:00 pm Korean  
Thurs March 29th   6:00 pm

### School tours:

(available in Korean and English for all dates)

Tues March 13th    1:00 pm  
Wed March 14th    6:00 pm  
Mon March 19th    1:00 pm  
Wed March 21st    6:00 pm

Due to demand, it is important that you register for a place at any of the parent information sessions. Children are welcome to our school visits but information sessions are for parents only.

It is not necessary to register for the school tours.  
Maps and directions to our school are available on our website.

### Contact information

GEMS office: Unit 3-307, MSD Block C2,  
1st Ave, TEDA  
Ph 022-66227888  
s.scott\_wat@gemsedu.com  
www.gemsworldacademy-tec.com



The Varkey GEMS Foundation is a not for profit education foundation. Its goal is to impact one hundred underprivileged children enrolled in a GEMS school. 10 million will be impacted.

