

# BUSINESS TIANJIN

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2014  
MAY



## Beijing, Tianjin & Hebei Super-integration



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### Dear Readers,

Although the exact details of the Malaysia Airlines flight MH370 disappearance have yet to emerge, we learned last month that it is now beyond reasonable doubt that the plane tragically went down over the Indian Ocean and none of the passengers are thought to have survived. Our deepest sympathies and sincerest condolences go out to the loved ones of those on board the aircraft, many of whom were returning to their homes here in Tianjin.

Our Last Word discusses some of the issues surrounding this tragic event and I would recommend it as a very insightful and thought-provoking piece. I can assure you that we will continue to report on the details of this disaster as they come in.

This month's Cover Story is dedicated to a very important topic and one of the biggest regional news stories of recent times. Last month it was reported that 2014 could see the groundbreaking administrative integration of Beijing, Tianjin and Hebei. This new development zone would have major political, social and economic implications for Tianjin. It is thought that the region will benefit from having more jobs, new industrial projects, improved business facilities and better infrastructure as the authorities seek a rebalancing of economic development across the three regions. Read our article to find out more about the key factors behind the policy move and what it could mean for Tianjin going forward.

Our Feature Story also covers one of the most prominent public health concerns of the modern era. Since the mass commercialisation of tobacco smoking began, the conclusions drawn from medical studies have been increasingly compelling and frightening in equal measure. It is no exaggeration to say that smoking is a ubiquitous and highly popular activity in China. Quite paradoxically, while public outcry on the urban pollution problems is getting stronger, the tobacco industry is going from strength to strength and the number of deaths related to respiratory diseases is skyrocketing year-on-year. We hope that you will take the time to read our reporter's insight on this issue, and I'm sure that you will find the facts to be astonishing.

And as always, be sure to check out all of our monthly columns which give you the very best expert information on issues related to the business sector. For more information about our magazine, please visit our website: [www.business-tianjin.com](http://www.business-tianjin.com).

Yours sincerely  
Josh Cooper

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Business Tianjin / May 2014



## ▲ Beijing, Tianjin & Hebei Super-integration

If the recent news reports are to be believed then the long-awaited administrative integration of Beijing, Tianjin and Hebei may finally get off the ground in 2014. When the colossal project, known locally as the 'Jing-Jin-Ji zone', does come to fruition the three regions will be brought together under a joint administrative body. This would of course have big implications for each of the areas- both politically and economically. [See P16](#)



## ◀ The Chinese Tobacco Industry and Public Health

Since the Chinese government ratified the World Health Organization's Framework Convention on Tobacco Control (FCTC) in 2005, a document whose signing indicates that the signatory acknowledges that smoking is harmful to public health, there have been legitimate questions raised regarding the extent to which the government is pursuing a reduction in tobacco consumption. It is hard to overlook the fact that since the ratification of the FCTC China's tobacco industry has continued to boom. [See P20](#)



## ◀ Great Leaders are Great Listeners

I have rarely, if ever, seen listening as one of the key traits in a job description or list of qualifications for a prospective manager; and yet, listening is one of the most important qualities of successful leadership. It is essential that we listen to our team, our superiors, our staff, our stakeholders, our clients, and to our competitors. Great leaders need to be great listeners. [See P36](#)



## ◀ The Frustration of Mystery

We live in a world in which video chat is possible on two different continents, more information may be consumed in one day than might have been consumed in a lifetime a few centuries ago, and anything one could want or need is thought to be considered immediately available via the smartphone in our hand. Machines construct skyscrapers that reach to the sky, governments can listen to phone calls and know everything about you, and some individuals even claim to know how the universe started. [See P73](#)

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The Frustration of Mystery

## TIANJIN NEWS

### Tangla Hotel Tianjin Awarded Best Wedding Hotel by Life Style Magazine

Tangla Hotel Tianjin won the award for "The Best Wedding Hotel" in



the 4<sup>th</sup> Annual China Hotel Awards event. This is a full affirmation of the hotel as a wedding venue and strengthens the hotel's reputation in the wedding industry. As the first hotel in mainland China to be bestowed the "International Six Star Diamond Award" by the American Academy of Hospitality Sciences, Tangla Hotel Tianjin showcases the traditional essence of oriental culture. Every romantic occasion at the hotel honours a love story that spans from perfect proposals and dream weddings, to unforgettable honeymoons and cherished anniversaries.

### Ascott Acquires Prime Serviced Residence in Hong Kong

CapitaLand's wholly-owned serviced residence business unit, The Ascott Limited (Ascott), has acquired an operating serviced residence in Hong Kong for HKD545 million. The 55-unit property will be rebranded as Citadines Mercer Hong Kong in the third quarter of 2014. Strategically located in Sheung Wan on Hong Kong Island, Citadines Mercer Hong Kong is next to the Central Business District and is close to the trendy Soho area with many restaurants, art galleries and fashion boutiques. The property is also near the famous Lan Kwai Fong, enabling guests to enjoy some of Hong Kong's finest shopping, dining and entertainment options.



### China's Leading Female Conductor Visits the Renaissance Tianjin Lakeview Hotel



Zheng Xiaoying, the Chinese famous conductor, stayed at the Renaissance Tianjin Lakeview Hotel recently. General Manager Steven Yau and Deputy General Manager Lin Lang greeted her warmly and welcomed her to the hotel. She came to Tianjin to do a performance at the Tianjin Grand Theatre. Professor Zheng Xiaoying was China's first high profile female conductor. She has served as the dean of the conducting department at the Central Conservatory of Music and as the chief inspector of art for the Women's Philharmonic Orchestra. Now she is engaged in a role as the general director and chief conductor of the Xiamen Philharmonic Orchestra, the first symphony orchestra supported by the government. She is also an executive council member of the Musicians Association of China.

## Chinese Cuisine in Via Veneto @ Yi Boutique Hotel Tianjin

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**Famous Actress Ms. Qin Lan Interviewed at Holiday Inn Tianjin Aqua City**

Chinese actress Ms. Qin Lan attended an event at the Holiday Inn Tianjin Aqua City. She was greeted by the hotel General Manager, Mr. Kelvin Mah upon arrival. Ms. Qin is known for her acting in *Princess Pearl Season 3* and *Dream Link*. In 2011, she was named the ambassador of Holiday Inn Greater China. When she was asked why she likes Holiday Inn, she stated, "Holiday Inn always provides me with a home away from home feeling."



**The Luxury Collection Hotels & Resorts Partners With Rimowa In China to Launch Customised Suitcases Designed By Chen Kun**

The Luxury Collection Hotels & Resorts, part of Starwood Hotels & Resorts Worldwide Inc., announced a partnership with luxury luggage retailer RIMOWA to launch a limited edition collection of custom suitcases designed by award-winning actor Chen Kun and inspired by the brand's portfolio in China. The five RIMOWA Topas suitcases feature unique patterns and color schemes that represent 5 Luxury Collection Hotels. The collection of luggage draws inspiration from the rich history and indigenous character of The Luxury Collection's portfolio in China. For instance, one piece of luggage features the sailing boat logo from The Astor Hotel in Tianjin, which pays tribute to the people who travelled to Tianjin by boat over a century ago through the Hai River and built the hotel by the riverside. "I decided to partner with The Luxury Collection and RIMOWA on these customized suitcases as I hope that all global explorers can rediscover themselves as they journey to different destinations accompanied by these suitcases" says Chen Kun.



**The Astor Hotel, A Luxury Collection Hotel, Tianjin Named "The Best Boutique Hotel 2013"**

The World Traveler magazine announced their Top10 Hotels awards for 2013 on their website, and The Astor Hotel, A Luxury Collection Hotel, Tianjin was given the Best Boutique Hotel Award. There were more than one hundred hotels competing to be regarded as one of the Top10 hotels in 2013. The World Traveler only selects the very best venues in each category. The Top10 Hotels Award has a great reputation and authority in the hospitality sector for its high standards and appraisal procedure.



**Spring Outing to the Great Wall—Somerset International Building Tianjin & Somerset Youyi Tianjin**



It is a great season for an outing. The wind is soft, the sun is shining and the flowers are blooming everywhere. So Somerset International Building & Somerset Youyi Tianjin made a decision to take their residents out to enjoy the spring breeze. There's an old saying in China, "one who hasn't been to the Great Wall is not a true hero". The Great Wall is a must go spot for all expatriates, and around 80 residents joined the trip with to conquer it. Some of them even reached the top of the mountain. The management team also thoughtfully prepared sports drinks, energy bars, sushi and bread for along the way. Such care was highly welcomed and complimented by all guests.

**Holiday Inn Tianjin Aqua City Named "Best MICE Hotel" Award**

Holiday Inn Tianjin Aqua City was named the "Best MICE Hotel" for 2013 by MICE Magazine during its 2014 Golden Chair Award



Ceremony. The final result was evaluated by industry experts, media elites, business travellers and millions of netizens. Holiday Inn Tianjin Aqua City's 710m<sup>2</sup> grand ballroom can accommodate 400 guests. 7 meeting rooms with diverse dimensions are all equipped with state-of-the-art audiovisual equipment and professional banquet services. The Holiday Inn Tianjin Aqua City is convenient and flexible for any large conference or event, and will ensure that your event truly stands out from the crowd.

**FINANCE**

**New World Beijing Hotel Awarded "Best New Hotel in Beijing"**



The New World Beijing Hotel, which opened last November, was awarded "Best New Hotel in Beijing" at the 7<sup>th</sup> Annual TTG China Travel Awards ceremony. The 7<sup>th</sup> TTG China Travel Awards celebrated 60 exemplary travel organisations as voted upon by 50,000 readers of the publication. "We are very honoured to receive this award and it has inspired us in our mission to become a beacon of modern hospitality in the heart of Beijing," said Andrew Whitaker, New World Beijing Hotel's General Manager. "We have only been open a few short months and we are tremendously grateful to both our colleagues in the travel industry and the guests who have adopted and supported us."



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**Richard Tian**  
Senior Partner / Attorney-at-Law  
Director of International Legal Affairs Department



**Alibaba Buys into High-street Business**

Chinese e-commerce giant Alibaba Group announced on Monday that it will pay 5.3 billion HK dollars (692 million USD) to acquire shares of Hong Kong-listed department store operator Intime Retail Group Co. Intime's stocks were opened at 10.50 HK dollars per share on Monday, 16.28% higher than the previous trading price. Under the two companies' agreement, Alibaba will acquire 9.9% of Intime's shares for 1.6 billion HK dollars, which buys 3.7-billion HK dollars worth of convertible bonds of the high-street company. Alibaba will exchange the bonds for Intime shares in three years so that it will eventually hold a 26% stake in the company. According to the agreement, the pair will form a joint venture to develop shopping malls, department stores and supermarkets related to online-to-offline (O2O) business in China. Zhang Yong, COO of Alibaba Group, said future business will involve integration and merging of the high-street economy and e-commerce, a process which will be assisted by big data and cloud computing technology.

**LAW & POLICY**

**Foreign Investment Law to Be Revised**



Qiu Guangling, director of the Department of Foreign Investment Administration at the Ministry of Commerce, said recently, "The revision this time aims to unify domestic laws on foreign investments and will focus on the equal treatment of foreign and domestic investments, strengthening security review and advancing the reforms of foreign investment regulation." China is the world's second-largest recipient of foreign direct investment. In a comprehensive reform plan issued late last year, China's central government pledged to expand investment access, unify laws and regulations on domestic and foreign investments, while keeping stable, transparent and predictable policies on foreign investment. In the China (Shanghai) Free Trade Pilot Zone, the application of the three foreign investment laws except for certain restrictions has been suspended.

**TELECOM**

**XP's Demise Helps Chinese IT Developers**



Microsoft stopped providing technical assistance for Windows XP, a major operating system for Chinese computer users, opening up opportunities for China's IT companies. China has about 200 million XP users, 70% of the entire PC market, and the majority has no plans to switch. The death of XP support may help the development of domestic operating system. Ding Liping of the Institute of Software at the Chinese Academy of Sciences said the government was already on the lookout for the country's own operating system, well before Microsoft announced the end of XP support, and several systems had been put forward, such as NFSARK designed by Beijing's NFS, and NeoKylin, by Shanghai's China Standard Software.

**Bug Affecting Heart of Internet**



The heart of the Internet is "bleeding" from a bug in widely-used encryption technology, according to security experts. The online threat, code-named "Heartbleed", could affect millions of Chinese computer users by exposing their passwords, credit card numbers and other sensitive information to potential theft by computer hackers. More than 30% of domestic websites requiring web log-ins — covering online payment, e-commerce, online bank and e-mail services — have been affected by the bug. Users can't protect their information if they have used the services of websites with OpenSSL encryption technology, even if their computers are well protected by anti-virus tools. The security researchers who uncovered the threat are particularly worried about the breach because it had gone undetected for more than two years. Hackers may have been exploiting the problem over that period.

**GENERAL**

**China Commerce Ministry Approves Microsoft-Nokia Deal**

China's Ministry of Commerce (MOC) said that it had approved Microsoft's purchase of Nokia's devices and services business subject to certain conditions. Nokia and Microsoft put forward their final solutions in March, which the MOC thinks can reduce the deal's potential threat to market competition, said a MOC statement on its official website. The MOC said it had made the decision after analyzing the "vertical relationship" between Nokia's smartphone business and Microsoft's patents for smart terminal operating system and mobile smart terminals. The MOC has also studied the potential impact of the deal on abuse of patents and China's smartphone market. If Microsoft raised the licensing fees for its patents, China's handset makers would have to exit the market or transfer part or all of the extra costs to smartphone consumers, said Shang. If abuse of dominant position or other monopoly acts are found in the future, related regulators would launch investigations in accordance with anti-monopoly laws and regulations, Shang warned.

**CHINA IN THE WORLD**

**UN Celebrates 2014 Chinese Language Day**

The United Nations celebrated its fifth Chinese Language Day here Thursday with a series of special activities to highlight the historical and cultural importance of the Chinese language. Calling the linguistic study of the Chinese language "a fascinating challenge," said Heather Landon, the Director of the Documentation Division of the UN Conference Department. She also said she is amazed that the history of the Chinese language encompasses an impressive variety, "which includes the many dialects and variations of the language in China and surrounding geographic areas." As part of the celebration, an exhibition of Chinese calligraphy and paintings was held at the UN headquarters in New York. Other events included lectures, tea art and musical performances.

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## Numbers

### 116 Billion

China plans to invest 720 billion CNY (116 billion USD) in its railways this year, to cover the construction of 48 projects, up from 44 in the previous plan, the People's Daily quoted Sheng Guangzu, general manager of China Railway Corp as saying yesterday. His remarks were in response to talk that a capital shortage has caused delays in railway development. The railway operator also plans to put more than 7,000 kilometres of new lines into use this year, up from 6,600 kilometres previously.



### 4.7%

The World Trade Organization (WTO) on Monday raised its forecast for global trade growth in 2014 to 4.7%, from its previous prediction of 4.5%. The predicted growth is more than double the rate of 2.1% in 2013 but remains below the 20-year average of 5.3% and well below the pre-crisis trend of 6% (1990-2008), said the WTO in a report.



### 7.5%

China's February exports came in weak, falling by 18.1% year on year, compared to a rise of 10.6% in January. CPI increased 2% year on year in February, down from 2.5% in the previous month and easing inflationary pressure since the end of last year. The government has set the 2014 growth target at 7.5%, the same as last year but lower than the real growth of 7.7% last year.

### 8,943

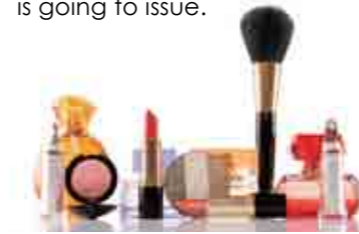
Some 8,943 second-hand homes were sold in Beijing last month, the lowest number for any March since 2009. The average price of second-hand homes came in at 31,400 CNY per square metre in the city, down 0.6% from February, according to new data from property agent Centaline. Beijing promised to offer 20,000 units of a certain type of affordable housing in 2013, and 50,000 in 2014 to make homes more accessible to families crowded out of the expensive market.

### 1.05 Trillion

China's new yuan-denominated lending amounted to 1.05 trillion CNY (170.5 billion USD) in March, picking up from 644.5 billion CNY in February, central bank data showed on Tuesday. On a year-on-year basis, the volume was down 12.4 billion CNY, said the People's Bank of China in an online statement. In the first quarter, new yuan loans totalled 3.01 trillion CNY, an increase of 259.2 billion CNY from the same period last year.

### 22%

Jumei International Holding Ltd, China's largest online retailer of beauty products by volume, filed over the weekend with the U.S. securities regulator to raise up to 400 USD million in an IPO. Jumei has boasts of having a market share of 22.1% in China's online beauty products retail segment, as well as 10.5 million active customers and 1,700 suppliers in 2013. The retailer plans to raise up to \$400 million through its IPO for general corporate purposes, without specifying how many shares it is going to issue.



### 3.95 Trillion

The People's Bank of China said that China's foreign exchange reserves hit 3.95 trillion USD at the end of March. The figure was 130 billion USD more than that at the end of 2013. Growth of China's foreign exchange reserves got back on the fast track in 2013. The country's foreign exchange reserves hit 3.82 trillion USD at the end of 2013, up 509.7 billion USD from that at the end of 2012. The nation's foreign exchange reserves totalled around 100 billion USD in 1996.



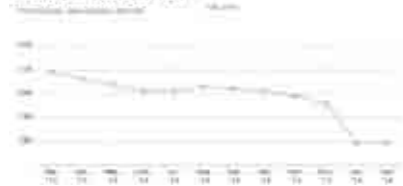


# Economy Report

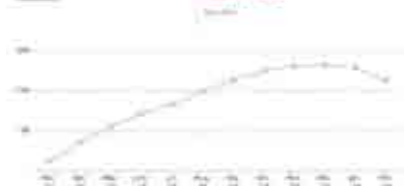
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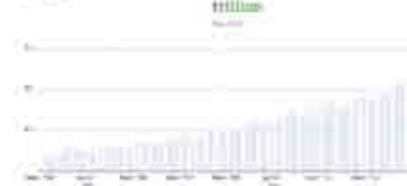
Fixed Asset Investment Growth **17.90%**



House prices **8.19%**



Retail Sales Value **¥2.11**



The Chinese economy is arriving at an interesting crossroads. Fundamentals appear to be strong and GDP growth has kept its targeted pace, but concerns are growing more vocal surrounding shadow banking systems, and the potential for a housing bubble. The balancing act between short term returns and long-term stability is always tenuous and as China enters the next phase of development finding an effective balance between these two priorities will be a recurring challenge.

The National Bureau of Statistics and China Federation of Logistics and Purchasing found that China's PMI, a survey of factory managers on current business conditions, has improved slightly. Optimism had been slowly waning since November of last year, hitting a low in February.

Since the second quarter of 2009 there has been a steady decline in fixed asset investment returns. In 2009, growth rates were at 32.0%. Currently, returns are at 17.9%. These reduced returns are consistent with

the larger macro-economic transition from an export to a consumer driven economy. In conjunction with these reduced returns, it should also be noted that retail sales have held steady at around 2.11 trillion CNY. Retail sales values have increased by around 500 billion CNY since March of last year and have increased by over a trillion CNY since 2009. In February the Chinese economy also ran a trade deficit of 22.99 billion USD, its first deficit since March 2013, and largest deficit since February 2012.

Inflation rates have been reported to be holding steady at around 2%. However, a study by Emi Nakamura, Jon Steinsson and Miao Liu from Columbia University has reported that this number could be slightly misinforming. The study analysed the percentage of income spent on food between 2006 and 2008 by families at equivalent economic levels. The logic being that if there were no inflation then the families would be spending the same percentage of their income for an equal amount of goods. The report found that the percentage of income spent has increased, indicating that true inflation could have been as high as 20% in 2007 and 18% in 2008. As an Economist article reviewing the study noted, these findings do not necessarily indicate that the inflation rates are being misreported. The methodology behind counting goods for creating an inflation index can prove tricky, and subtle changes in methodology can produce surprisingly different numbers. Furthermore, there has been a strong degree of correlation between the Chinese official numbers and the study's; the unofficial numbers actually have higher peaks and deeper troughs.

In the past month speculation regarding the stability and scale of China's shadow banking system has continued. A recent study from JP Morgan Chase estimated the system's current value to be somewhere between 20-30 trillion CNY. The report stressed that because definitions of what constitutes 'shadow banking' vary, pinning down a hard number is extremely difficult. However, the report did estimate that the industry had doubled in value over the past two years.

Coupled with the shadow banking issue is concern over a potential housing bubble. According to The Wall Street Journal, housing prices have decreased by about one percent over the last two months. Despite this recent decline in prices an analyst at Bernstein told The Economist that the housing market is highly vulnerable in the event of an economic slowdown.

In recent months, a few policy changes have been implemented to cool the housing market. A twenty percent capital gains tax has been instituted on the sale of second homes, and a 70 percent down payment is required for second home purchases, theoretically decreasing leverage. Despite these changes it is unclear how effective implementation has been. Some families have been using divorce as a means to dodge the tax, and provincial governments have been slow to enforce the capital gains tax.

Changes in tax policy do suggest an acquiescence that property is overvalued. However, the degree

**It is unlikely that the housing market has reached a so called 'Minsky moment', but this is certainly an issue to be monitored in the coming months.**

of separation from fundamentals is much more opaque. Wang Jianlin, chairman of Dalian Wanda, a property and entertainment firm, stated to the Economist that the Chinese property market might be in a controllable bubble. Mr. Stevenson-Yangin, in the same piece, noted that the bubble would affect smaller cities' housing markets and would likely drop housing values by about forty percent over five years.

While Mr. Wang and Stevenson-Yang represent a more optimistic outlook, Hong Kong investor Li Ka-Shing has begun selling mainland Chinese investments. It is also hard to overlook the fact that before the American housing market collapsed similar rhetoric was used to justify risky holdings. Opaque financial systems combined with holdings of debatable value has a precedent for breeding 'unknown unknowns'. It is unlikely that the housing market has reached a so called 'Minsky moment', but this is certainly an issue to be

monitored in the coming months.

The Ministry of Human Resources and Social Security has begun seeking out advice on the potential effects of increasing the retirement age by five years. Currently men and women retire at 60 and 55 respectively. China's retirement age was set sixty years ago when the country's life expectancy was around 45 years and is about five years under the international average. According to the United Nations Population Division, only 9 percent of China's population is older than 65, but by 2050 it will increase to 25 percent. The Chinese Academy of Social Studies, in a study from December, found that without adjustments a pension deficit would appear by 2030. Other issues surround the Chinese pension system; concerns over the imbalance between rural and urban pensions, and effective management of pension plans are both important accountability issues. However, increasing the retirement age to the international average represents a significant first step in addressing the social welfare system's shortcomings.

For the first time in years optimism surrounding the international economy is beginning to emerge. At the same time, concerns over the housing markets and banking system cannot be ignored. The euphoria and panic of a bubble, in the interconnected international economy, can be deeply destabilising. President Xi Jinping's statement from Bruges in late March nicely summarises the current state of the Chinese economy: "China's reform has entered a deep-water zone, where problems crying to be resolved are all difficult ones... what we need is the courage to move the reforms forward." As the summer looms, let's hope the policymakers have not forgotten their swimming trunks! **E**

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# Beijing, Tianjin & Hebei Super-integration

By Tracy Hall

If the recent news reports are to be believed then the long-awaited administrative integration of Beijing, Tianjin and Hebei may finally get off the ground in 2014. When the colossal project, known locally as the 'Jing-Jin-Ji zone', does come to fruition the three regions will be brought together under a joint administrative body. This would of course have big implications for each of the areas- both politically and economically.

Whilst the details of these plans have only recently been confirmed by Chinese officials, the idea behind it has been discussed for

decades. Over time the three areas have formed an increasingly interdependent economic relationship. It's not only about goods and services however; these regions also have a great deal of incentive to work together on important issues like combating pollution and improving urban infrastructure.

There seems to be a number of key factors behind the central government's decision to move forward with this policy program now. Obviously there is an ongoing trend of creating new economic development zones of different kinds all over China, and this

proposal is certainly not too much of a surprise in that regard. However, two of the major reasons behind the move are undoubtedly the serious overcrowding and infrastructural pressures in Beijing and the pollution problems that are plaguing the region. According to a report by the South China Morning Post, Tianjin and Hebei "will ease some of the Chinese capital's load by hosting hospitals, businesses and government offices that will relocate from Beijing and in turn will boost their economies". Moreover, "Beijing is set to move major polluters and labour-intensive businesses to the



## Cover Story

neighbouring areas. In the next three years, another 1,200 polluting factories will be relocated”.

If Beijing does share some of the burden and prosperity with its neighbours then it could help to achieve the dual policy objectives of reducing the capital's infamously high levels of pollution and promoting the economic growth of Tianjin and Hebei. While this will likely mean more smog for the two areas, it will also bring more jobs, new infrastructure projects and a fairer distribution of wealth and development across the cities. In theory at least, this will improve Tianjin's position on the world stage as it will be a more attractive place to do business.

There is also talk of new hi-tech, residential, educational and manufacturing zones being built in Tianjin and the cities in

Hebei. It is thought that Langfang, which is ideally located between Beijing and Tianjin, will act as an important hub for commerce and administrative activities.

Although this proposed system of regional administration could be very positive from an economic perspective, the question on many people's minds has to be: how much political clout will the citizens and local authorities of Tianjin and Hebei have within the new system? After all, Beijing is the capital city and the most important economic area of the three regions. The proposal that will be set out by the government in June is likely to suggest that Tianjin and Hebei will become 'autonomous satellite areas' of Beijing. What this means in practice remains to be seen, but it is clear right from the outset which of the three parties will be the so

called organ grinder of the group.

As is the case with Guangzhou and Shenzhen in the south, the close geographical proximity and increasingly strong socioeconomic ties between Beijing and Tianjin has even led some people to believe that they could one day merge together to form a new super city. While this is probably not an overly realistic scenario anytime soon, these plans for greater integration would certainly make it a more likely outcome at some point in the future. **B**

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# Tianjin economic ecological forum

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# The Chinese Tobacco Industry and Public Health

By Joe Jammal



Since the Chinese government ratified the World Health Organization's Framework Convention on Tobacco Control (FCTC) in 2005, a document whose signing indicates that the signatory acknowledges that smoking is harmful to public health, there have been legitimate questions raised regarding the extent to which the government is pursuing a reduction in tobacco consumption. It is hard to overlook the fact that since the ratification of the FCTC China's tobacco industry has continued to boom. Specifically from 2000 to 2009

cigarette production increased 40% to 2.3 trillion cigarettes produced annually. Additionally, since Chinese cigarettes have achieved minimal international market penetration it can reasonably be inferred that the Chinese people have been the main consumers of these cigarettes.

At the same time the 12<sup>th</sup> Five-Year Plan's call for smoke-free public places, and Chen Zhu being awarded a Director-General's Special Recognition Certificate for his contribution to the establishment of tobacco-free health systems in China suggest a shift in national priorities.

On a fundamental level there is a perception that to implement smoking reduction policies and better public health threatens economic growth, tax revenues and state stability, as Liu Tienan, the principal representative of the National Development and Reform Commission in the FCTC stated in his recent book, "The Chinese notions of tobacco economy and tobacco control are a pair of mutually contradictory propositions."

According to a recent WHO report, approximately three hundred million people in China smoke, a

third of the world's total. 28% of the population smokes and 52% of males smoke. Furthermore, over the past two decades the Chinese smoking population has been getting younger. In the 1980s the average age of the smoking population was 22.4 versus 19.7 in 2006. Additionally, the State Tobacco Monopoly Association employs approximately 15,000 people, and various provinces, particularly Yunnan, rely on tobacco as a central pillar for their economies.

There are six major stakeholders within the tobacco economy. On the national level there is the State Tobacco Monopoly Association, and the China National Tobacco Corporation. There are also local governments, particularly the Yunnan government where three of the top tobacco brands are based, that rely on tax revenues from cigarette productions as a key form of finance. Due to the tax revenues, provincial governments are strongly opposed to tobacco controls. There are also tobacco farmers, retailers and consumers, all of whom could lose their jobs in the event of harsher tobacco controls.

The State Tobacco Monopoly Association (STMA) oversees the regulatory, and management side of the tobacco industry. The China National Tobacco Corporation (CNTC) accounts for 32% of the global tobacco market, larger than Philip Morris and British American Tobacco combined, and controls 96% of China's tobacco production. In 2010 the CNTC reported earnings of 117.7 billion CNY or 320 million CNY per day. The CNTC is the fourth largest company in China, trailing the Industrial and Commercial Bank of China, Chinese National Petroleum and China Construction Bank.

In 2005 tobacco constituted 30% of China's top 100 taxpayers, and contributed 7-10% annually to government revenue. The issue of tax revenues is one of the basic tensions for effective tobacco control. The government has a significant stake in the continued consumption of tobacco as a means of gaining tax

revenue and keeping the state run CNTC profitable. At the same time, public health concerns are becoming increasingly expensive, demanding a curb in tobacco consumption.

**Unless there are serious policy changes, by 2050 the number of smoking-related deaths is expected to hit 3 million annually.**

This tension of tax revenue versus health may be more resolvable than it appears. The central logic is that if taxes are increased then consumption will fall beyond the revenue gained from a higher tax. However, based on other countries' tax rates Chinese cigarettes are excessively cheap. Chinese cigarettes cost 0.73 U.S dollars per pack versus 1.64 in India, 3.3.1 in Japan, 4.58 in the United States and 10.04 in Norway. The tax rate in China on cigarettes is at 40%, while the international average tax rate is 65%. Various economists have made the argument that China can afford to raise the tax without losing much tax revenue, based on their assessment of

these numbers.

Intriguingly a survey from 2010 revealed that 80.5% of smokers favoured an increase in the tobacco consumption tax. Higher consumption taxes are a crucial step in the WHO's tobacco reduction process, and are an area of the FCTC that China has scored poorly on. Given that there is public support, and economic support behind increasing the tax it would seem prudent both from a health and fiscal perspective to consider action.

However, the tax argument is secondary compared to the larger costs of tobacco on the populace, and economy as a whole. The WHO reports that in 1996 smoking caused 500,000 deaths. That number has since doubled. Unless there are serious policy changes, by 2050 the number of smoking-related deaths is expected to hit 3 million annually.

While it may seem cynical to view these deaths in economic terms, given that the critical argument against policy change derives from tax revenue, a slightly broader economic analysis leads to different conclusions. The 2011 United Nations Summit found that between 2006 and 2014 China will lose half a trillion dollars in national income due to heart diseases, strokes and diabetes, all of which have been linked to smoking.

A report from a team of economists







led by Li Ling of Peking University found that the direct cost of smoking on the economy was 166.5 billion CNY or 0.91% of GDP. The study also found that another 86.6-120.4 billion CNY constituted indirect costs. In 2005 the total costs of smoking were 253 billion CNY or 1.4% of total GDP, exceeding the tax revenues generated by the tobacco industry. This same report found that 2000 was the last year in which tax revenues exceeded economic costs.

The other side of the argument for not changing policy is demonstrated by Deputy Director STMA Zhang Baozhen on opposing the smoking ban proposed by delegates in the March 2007 NPC meeting summarizes the hesitancy in increased smoking prevention. Zhang stated that "We attach great importance to the notion that smoking is harmful to health, but the absence of cigarettes will undermine the stability of the country." Stability is the first priority of the state, and while tobacco is a threat to our health, the priority is still to avoid potentially controversial policies. However, public opinion polls have

indicated that there would likely be less resistance to change than anticipated. In 2006 a China Centre of Disease Control and Prevention poll found that even amongst smokers, 93.5% support a total ban on smoking in schools, 74.4% were in favour of a total ban in hospitals and 94.3% supported a ban on smoking while on public transportation.

Regarding Chinese smokers and their health, a 2010 survey found that 90% of smokers acknowledge that smoking is harmful; this number has risen significantly in the past two decades. 60% of smokers are interested in quitting, and almost 50% planned to quit or reduce smoking within the year. These numbers are particularly intriguing given that China spends only a quarter of what Hong Kong spends on anti-smoking campaigns and support for quitting. Currently the Chinese insurance system does not cover anti-smoking drugs, and the health care system has made minimal steps to assist people in quitting. Medical costs have also increased the poverty level in cities by 5.8 million people and in rural areas

by 6.3 million people. Restructuring the health system to increase support for those trying to quit and a slight increase in spending could yield significant returns.

The Ministry of Health, public intellectuals, and various NGOs have all made promising strides in informing the public of the risks of health, and Xi Jinping's support of these groups is equally admirable. However, tobacco control efforts have primarily been a bottom-up rather than top-down affair. The most troubling aspect to this is that outdated perceptions regarding the economic, security and health impacts of tobacco consumption persist in limiting the potential for change. We are only beginning to see the impacts of smoking on the population but the long term effects will have serious economic and social repercussions. **E**

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# When the Rates Rise

By Josh Cooper



**W**hen the global financial crisis kicked off in 2008, central banks around the world decided that the best way to support economic stability, and ultimately promote economic growth, was to lower interest rates to historically rock bottom levels. The merits of this policy approach depend largely on one's economic position. If you're a borrower of one sort or another then the last few years have been great. Conversely, if you are one of those rare breeds of people nowadays who actually prefer to save their money, then, to put it mildly, you've undoubtedly 'been had'! However, that will soon change because interest rates in the western world are long overdue for a hike. The key questions are: when will it happen and what should you do with your money?

## When and where will rates start rising?

First of all, let's be clear about what we are discussing here. When the mainstream media talks about interest rate being historically low, they are generally referring to the three most important financial markets in the world: the U.S., the eurozone (the nations who use the European currency and are consequently subjected to shared interest rate policies via the European Central Bank), and the UK, which is home to the most important financial city in the world- London.

In all of these economic powerhouses the central banks have relentlessly pursued a rock bottom interest rates policy for the last few years. Right now both the U.S. and UK economies are growing at a healthy rate and

there are increasingly strong signals from the Federal Reserve and the Bank of England that interest rates will start to go back up at some point within 2014 or early 2015. It may take the ECB longer to push rates higher given the uncertainties that remain in the eurozone economies, but they can't hold the base lending rate at 0.25% forever.

So we know that this will definitely happen, but one of the important questions for investors is when it will happen. Given the caginess of the Fed and the Bank of England when it comes to policy decisions, we really can't say for sure when rates will be allowed to rise. Having said that though, both institutions have been quite candid in pointing out some of the key economic indicators that will determine their decisions going forward. Basically, the two



main things to keep an eye on going forward are unemployment and inflation data. If, for example, the rate of unemployment was to fall below 7% in Britain and 6.5% in the United States respectively, and if inflation in these countries stays below 2%, then the chances of an interest rate hike increase substantially.

When this happens we can be sure that central bankers and politicians will play down the impact of interest rate fluctuations on our financial well-being. But fortunately, markets and investors are more forward-thinking than ever before, and the wool will be harder to pull over people's eyes this time around!

### Are there any safe havens?

Although financial analysts can give you some well thought-out suggestions on where to put your money when interest rates rise, the blunt and honest truth is that because interest rates and cheap liquidity have been so rampant in recent years, nobody can say with any certainty what will happen when central banks like the U.S. Federal Reserve leave the financial markets alone. Simply put, no particular asset class is guaranteed to be a safe bet. There are a few general investment strategies though, that may help you weather the storm of rising rates...

**Play the currency game.** Interest rates and exchange rates tend to follow certain trends. In theory at least, if rates go up in any given country,

then investors should be more enticed to acquire financial assets in that financial market, and thus one would expect the local currency to appreciate in value as a result. Right now the U.S. dollar might be the best play for investors in this regard, as it is currently very weak and it should

**Central bankers and politicians will play down the impact of interest rate fluctuations on our financial well-being. But fortunately, markets and investors are more forward-thinking than ever before, and the wool will be harder to pull over people's eyes this time around!**

appreciate quite considerably when the Fed finally raises interest rates.

**Stop borrowing, start saving.** If you've enjoyed investing in real estate over the last few years due to cheap borrowing rates, now would be a great time to consider moving to a fixed agreement with your mortgage provider. While savers have been

shafted by low rates up until now, it will be the borrowers who, quite rightly, will start to feel the pain as rates go up. Now is a great time for companies or individuals to reduce their overall levels of debt/leverage and start channelling more money into increasingly rewarding savings accounts.

**Buying equities in the 'rate rise beneficiaries'.** A drier lending environment will be damaging to a lot of firms, but it will also increase the profit margins of some sectors. Look for companies who have large cash holdings as a result of housing static capital for their clients. This includes, for example, insurers, trading firms, cash transaction providers and any other kind of financial institution that is able to take advantage of their capital position to cream extra interest.

**Short sell bonds.** Interest rates and bonds theoretically move in an inverse correlation to each other. Thus, conventional wisdom would dictate that when interest rates go up, the rates of return on bonds go in the opposite direction. Staying in the bond market could be risky over these couple of years, and it certainly wouldn't be a bad idea to short some of these assets in the near future, or at least shorten the maturity durations on your bond holdings.

**Maintain diversity and a long term outlook.** We know that rising rates will cause pain in some assets classes, maybe several of them. As with any kind of scenario in which financial markets are volatile, the best general course of action is to diversify your portfolio and keep looking past the current situation towards a brighter long term future for your assets. If you find that your investment approach has been heavily focused on one particular sector or one particular type of asset, now may be the time to 'build the roof while the sun is shining'!



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## Investment News

### Stocks and Shares

#### China Confirms 'Mini Stimulus' to Boost GDP: Chinese Equities May Rally

The Chinese government has announced measures to help boost living standards and its economy at the same time. The investment programme aims to deliver social housing to replace shantytowns in many cities while also accelerating railway construction. China's Premier Li Keqiang said other measures included more tax breaks for small businesses. The total cost of the so-called 'mini stimulus' was not disclosed. There is pressure on the world's number two economy as it risks missing its GDP growth target of 7.5% for 2014, with official output surveys showing little sign of confidence picking up.

Source: Sky News

#### European Stocks Climb on Bright Data

Europe's main stock markets advanced in April as investors focused on upbeat economic data and set aside Ukraine-Russia worries, dealers said. "Positive US and Asian sentiment has fed into ... the European markets, as concerns over Russia take a backseat for now," said CMC Markets analyst Alexander Young. "The bright start has been underpinned by a U.S rally boosted by better than expected consumer confidence and increased expectations of some form of Chinese stimulus lifting Asian equities."

Source: AFP

#### Speculators Focus Attention on BSKyB

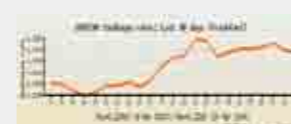
With 2014 kicking-off with a flurry of global M&A activity that has raised hopes of a blockbuster year for deals, it is no surprise the London stock market has been awash with talk of potential takeovers. Takeover talk around BSKyB is not new. In 2011, Rupert Murdoch's News Corp pulled out of a bid for the FTSE 100 company amid the furore over phone hacking. But ever since News Corp disclosed plans to split its newspaper division from its entertainment businesses now called 21st Century Fox market watchers have suggested Mr Murdoch might revive his interest in BSKyB, which is 39% owned by Fox.

Source: The Telegraph

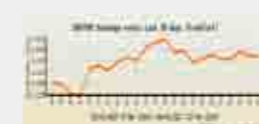


### Currencies

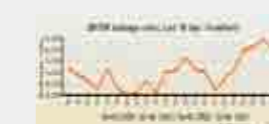
U.S Dollar - Chinese Yuan



Euro - Chinese Yuan



GB Pound - Chinese Yuan



Japanese Yen - Chinese Yuan





# Does Shadow Space Pose a Threat to the Beijing Office Market?

By Christopher Clausen, Office Analyst, Beijing JLL



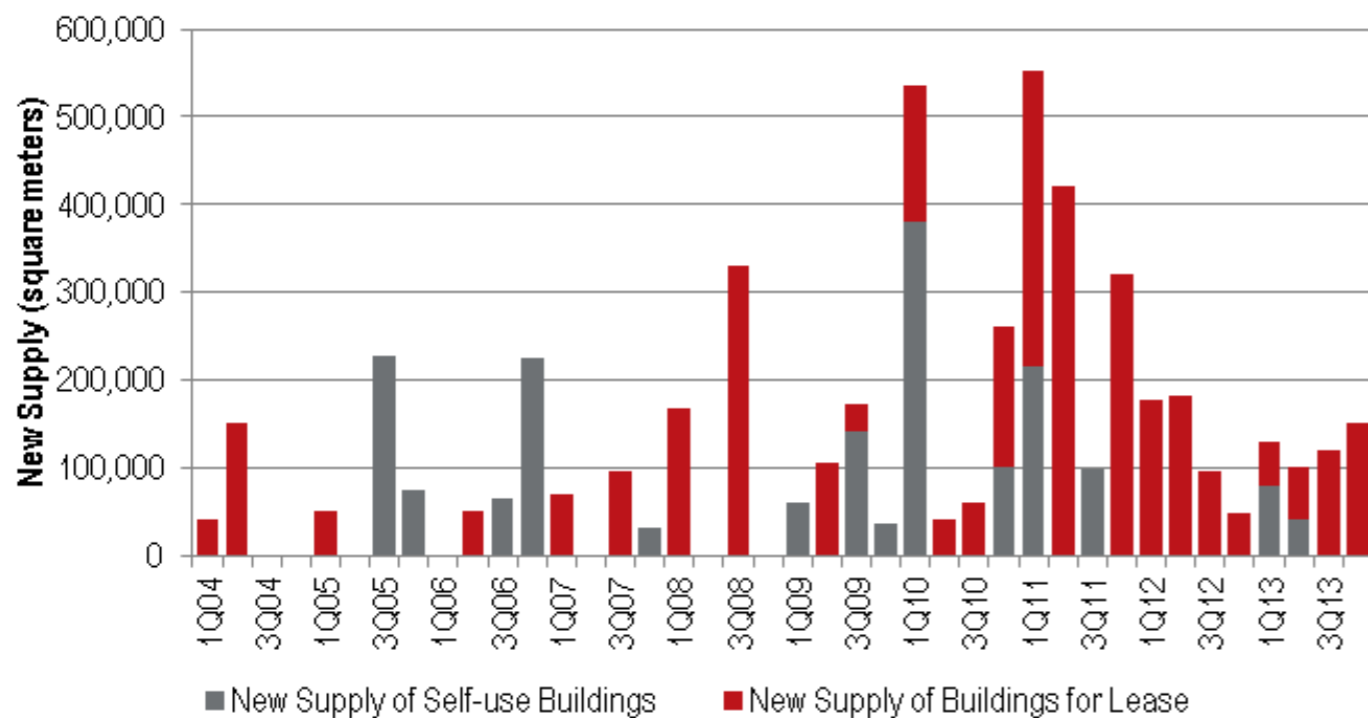
Recently a colleague from Shanghai asked me if the Beijing Grade A office market would collapse as a result of shadow space (excess space in office buildings). His question was prompted by an announcement at the

Third Plenary Session that the central government plans to implement diverse ownership of some state-owned enterprises that tend to own more space than they need.

Following the Third Plenary Session in November, the idea of diverse

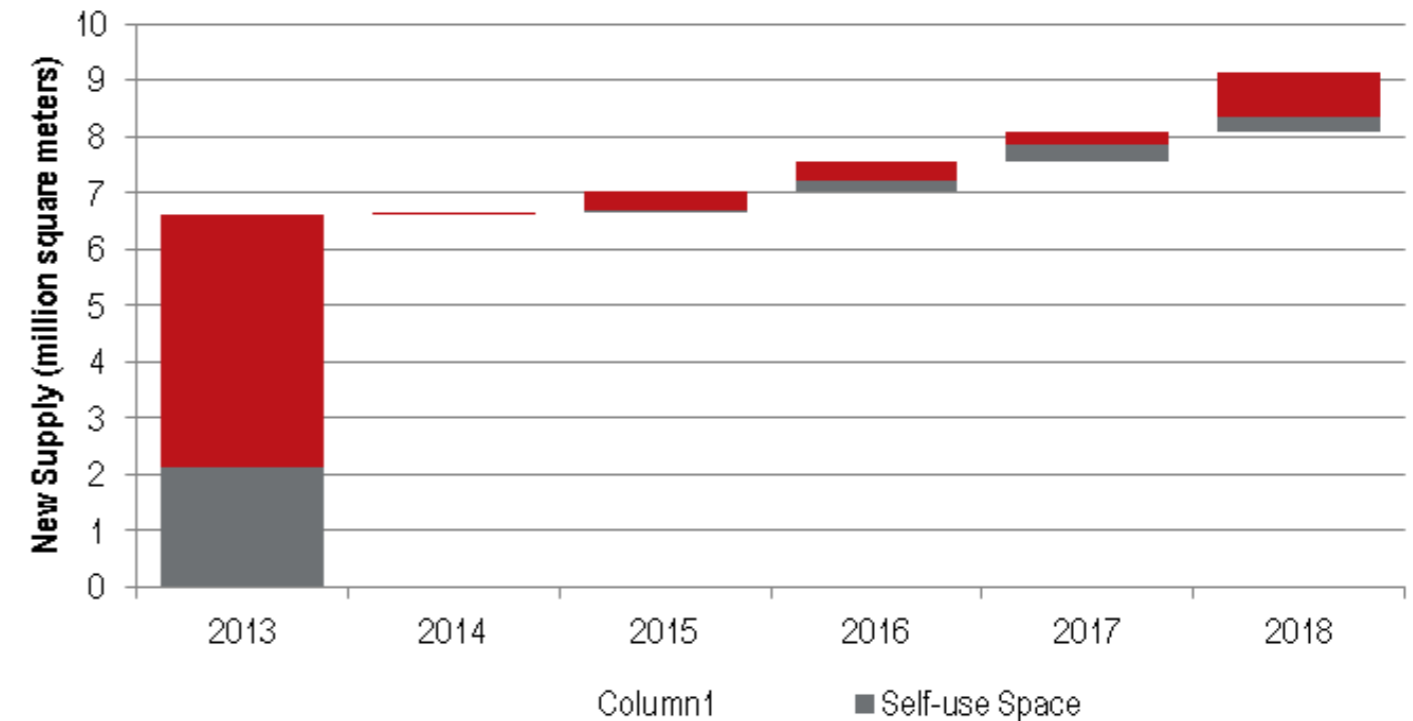
ownership has been taking shape with the purpose of increasing private ownership in SOEs. There will be some exceptions to the reform, as certain SOEs operating in what are deemed to be "critical lifeline industries" related to national

## New Supply of Buildings for Lease and Self-Use in Beijing



Source: JLL Research

## Grade A Stock Growth of Spaces for Lease and Self-Use



Source: JLL Research

security or the economy will not be opened up to diverse ownership. However, the move is expected to reduce inefficiencies in the state-owned sector and level the playing field to some extent, and as such there would likely be pressure on SOEs to be more efficient in the use of office buildings. This could potentially mean entering some shadow space in the leasing market.

Typically shadow space is an area leased by a company which lies unused. It is not uncommon for companies to rent more space than they need as lease agreements may have been signed during better times when their operations were larger, or when they planned to expand their operations in the future. However, my colleague was asking about

something different; a relatively unique characteristic of the Beijing market. He was asking whether state-owned enterprises (SOEs) would enter shadow space in the leasing market in the near future.

Although the Chinese socialist market economy is increasingly relying on market-based mechanisms, the Chinese central government still maintains a hand in planning some key sectors of the economy. Notable industries include energy (e.g., State Grid, Sinopec, and PetroChina) and telecommunications (e.g., China Mobile). Due to the need for close coordination between branches of the central government and executives at SOEs, many have chosen to locate their headquarters in Beijing. Evidence of this can be found on the

Forbes Global 500 list, which ranks the top 500 companies in the world by total revenues, 48 companies headquartered in Beijing were ranked –47 of which are state-owned.

SOEs and other domestic companies often prefer to own, rather than lease, the building from which they operate, and Grade A stock in areas of the city such as Finance Street (64%) and East Second Ring Road (72%) are dominated by buildings owned and only used by these individual SOEs. Across the whole of Beijing one third of Grade A stock, or 2.1 million sqm, is occupied by the buildings' owners. By comparison, the other tier-1 cities of Shanghai (15-20%), Guangzhou (20%) and Shenzhen (11%) all have a much smaller proportion of this type of building.



Although physical evidence of shadow space in buildings owned by SOEs has proven difficult to obtain, there is speculation that some of the office towers in Beijing are actually unused by these SOEs. Some buildings are estimated to be up to 50% vacant.

Although diverse ownership may place pressure on SOEs to be more efficient with their real estate resources, it will likely take time for this to translate into action. As such, over the near term, we are unlikely to see shadow space entering the leasing market. Reinforcing this notion are the results of our quarterly market research. Over the course of informal interviews several landlords and leasing agents were asked if they were aware of SOEs which planned to enter shadow space in the Grade A

leasing market. All of them stated that they were not. The medium- to long-term picture may be different and the

**There is speculation that some of the office towers in Beijing are actually unused by these SOEs. Some buildings are estimated to be up to 50% vacant.**

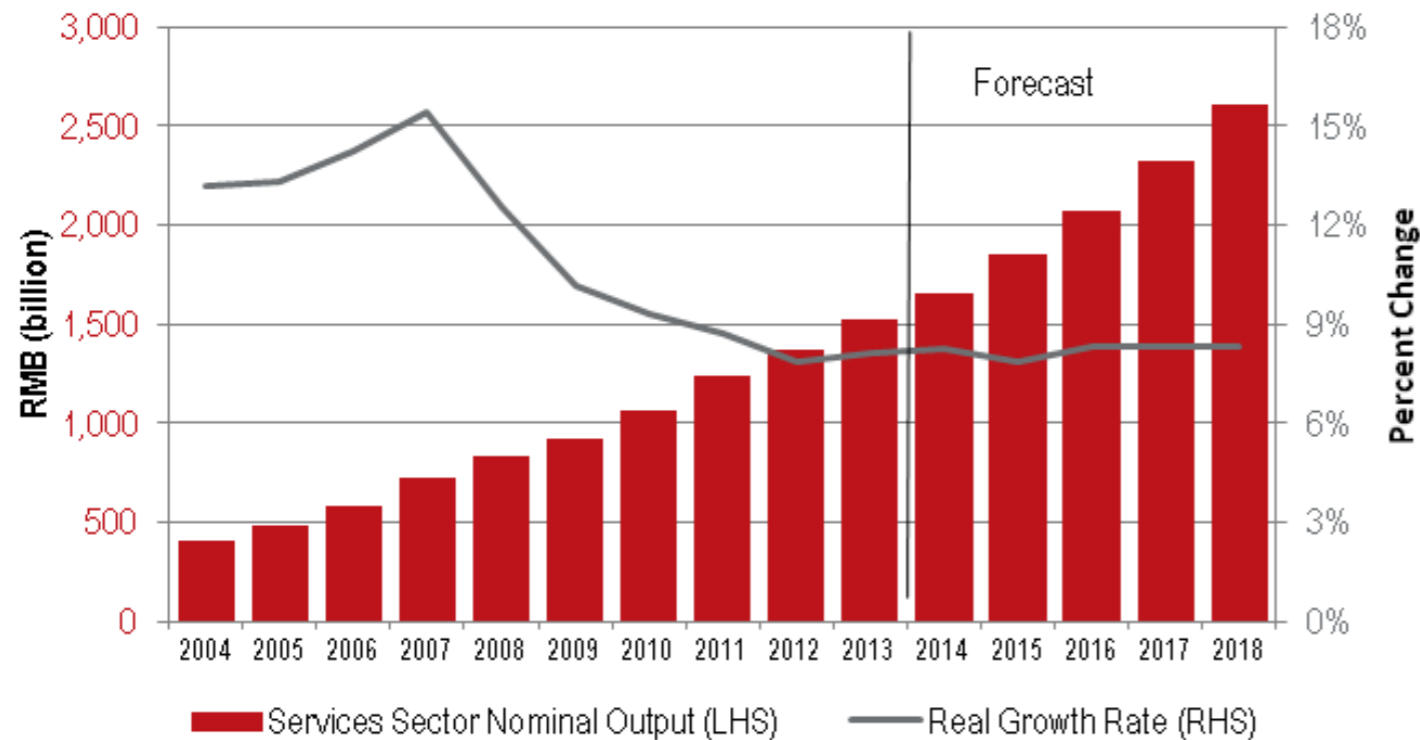
effects of shadow space entering the leasing market should be considered in light of the Beijing Grade A

office supply pipeline, expected services sector growth, and demand characteristics.

Over the next five years, total Grade A floor area is expected to continue growing and exceed 9 million sqm by end-2018, an increase of 38% from the current level. SOE owner-occupied space is expected to account for 33% of new supply, the same ratio that is held today.

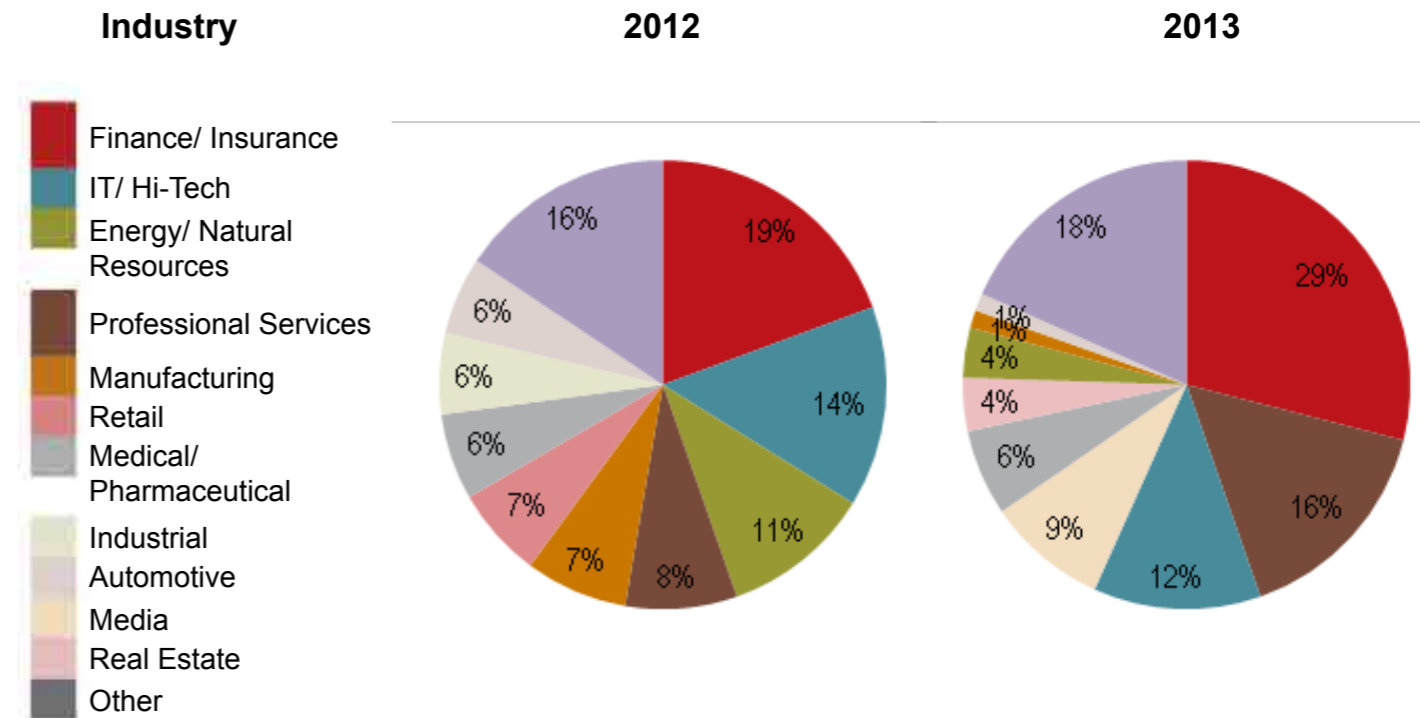
One of the central government's main efforts to rebalance the Chinese economy is to increase the size of the service sector. This will aid efforts to increase consumption by growing the Chinese middle class and increasing the number of consumers in the economy. Data from Oxford Economics suggests that the real service sector growth rate in Beijing

**Growth of the Beijing Services Sector**



Source: Oxford Economics

**A breakdown of leasing enquiries received by JLL**



Source: JLL Research

should remain relatively stable at about 8% over the next five years. Moreover, they expect total growth of nearly 50% in real terms by end-2018, outpacing growth in total Grade A stock by a wide margin.

A wide variety of industries have contributed to the low vacancy environment in Beijing, which has persisted since 2Q11, when the vacancy rate declined to 8%, the first time it entered single-digit territory after nearly seven years. Since 2Q11 the vacancy rate has trended downward to 4.3% as of 1Q14. The low overall vacancy rate suggests that the current level of stock may be insufficient to meet demand.

Companies from a range of industries

are active in the leasing market. However, the composition of demand has shifted over that time as suggested by analysis of enquiries over the past two years. One of the most noticeable shifts in 2013 came from the Finance and Insurance industries which recorded a sizeable uptick in the proportion of enquiries compared to 2012. This trend is bolstered by recent reports that some landlords at Grade A buildings have received more enquiries from wealth management companies recently. In a recent white paper titled "Shanghai: Building China's Global City", our JLL Shanghai colleagues wrote that demand for wealth management products is expected to expand as China becomes richer. The growth of

the wealth management industry is already driving demand for space in Beijing, and we expect this trend to continue.

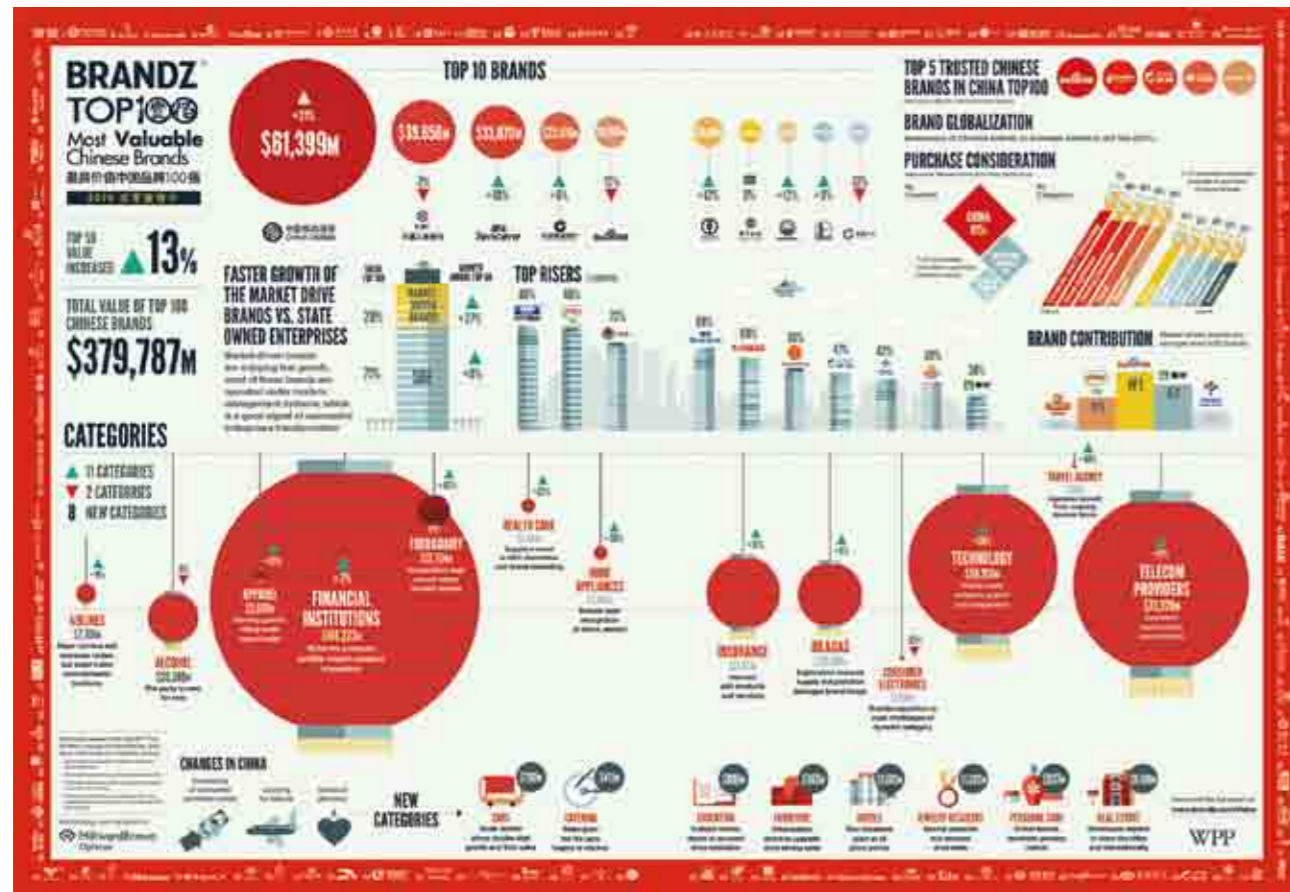
My answer to my colleague was that we may see some SOE shadow space enter the leasing market as these firms come under pressure to become more competitive. However, a collapse in the Beijing Grade A office market is not imminent. **B**

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# Lessons from the Most Valuable Chinese Brands of 2013

By Justin Toy



The Chinese government has been making strides in its efforts to rebalance the economy from being export and government investment driven, to a more sustainable model of consumption and domestic demand. At the heart of this rebalance is the vision of the “Chinese Dream.” The “Dream” is helping to shape and reflect the shifting attitudes of Chinese consumers. As the middle class continues to rapidly expand, consumers aren’t only concerned with acquiring material wealth and assets; they are also looking to improve their health and well-being, while also

trying to find a balance between work and free time. In China’s rebalancing economy, being a well-known brand is still important, but it’s no longer enough. Consumers want brands that they can trust; brands that understand and respond to their needs; brands that are meaningfully differentiated. Consumer enlightenment and empowerment, which evolved over decades in the west, is happening much faster today in China. Marketers who can stay ahead of the trend will build China’s, if not the world’s, most valuable brands.

## Going Global

According to Millward Brown’s 2013 Going Global Study, only about 20% of consumers worldwide can name a Chinese brand. Of the global markets included in the study, the highest level of Chinese brand awareness was in Brazil, where 29% of the respondents were able to name a Chinese brand, while the U.S. had the lowest Chinese brand awareness at 6%. Countries that were quickly developing, such as India and Brazil, had the highest levels of Chinese brand awareness. Chinese brands have two fundamental challenges ahead of them if they are

Overseas awareness of Chinese brands is low... Awareness of Chinese brands, low worldwide, is higher in fast-growing markets.



Source: Millward Brown 2013 Going Global Study

... But overseas consumers will consider purchasing Chinese brands ... In fast-growing markets, where consumers have more experience with Chinese brands, a higher proportion of consumers will consider purchasing them.



Source: Millward Brown 2013 Going Global Study

to unlock their full potential abroad. The first hurdle is building brand awareness and recognition amongst overseas customers, and the second is to overcome the negative perception of Chinese brands that are often thought of as government-run entities with safety issues and products of low quality. However, Chinese computer, technology and home appliance brands have a favourable reputation abroad. Over 70% of respondents said they would consider purchasing products in these categories from a Chinese brand.

## Trust

Any brand that cultivates trust can gain a true advantage in China, where trust has been an issue for years. Given the high levels of pollution, food safety scandals, rampant counterfeiting and numerous other problems, Chinese consumers have had problems with trust. According to Millward Brown’s Brand Z Analysis, trust in Chinese brands has bottomed out and is beginning to rebound. If Chinese brands can act more

transparently, revealing problems when they occur and addressing them quickly while communicating frankly and frequently, they can build trust; which will in turn improve their bottom lines. Below is a look at the most trusted brands in China (of the top 100).

## Differentiation

In terms of brand equity (the value of having a well known brand name

### The Top 10 Trusted Chinese Brands in China

Market-driven brands predominate in the Top 10 trusted brands ranking.

Brand	Trust Index	Category	Ownership	TOP 100 Rank 2014
Baidu	142	Technology	Market-Driven Firm	5
Air China	123	Airlines	Strategic SOE	18
Ctrip	122	Travel Agency	Market-Driven Firm	54
CITS	121	Travel Agency	Competitive SOE	83
Suning	120	Consumer Electronics	Market-Driven Firm	35
Yili	120	Food & Dairy	Market-Driven Firm	15
Ping An	120	Insurance	Market-Driven Firm	11
PetroChina	118	Oil & Gas	Strategic SOE	8
Sinopec	117	Oil & Gas	Strategic SOE	9
ChangYu	117	Alcohol	Market-Driven Firm	36

A BrandZ™ Trust Index score of 100 is average.

Source: BrandZ™ / Millward Brown Optimor

or the power to influence purchase), Chinese and foreign brands are now viewed equally in China. However, Chinese brands have a lot of room to improve when it come to differentiation. According to Millward Brown Brand Z, the top 100 foreign brands in China score 5 times higher than the top 100 Chinese brands in being perceived as meaningfully different from other brands.

Chinese brands make up for this in brand equity through offering a lower price and through recognition and fame. In order to differentiate their product, Chinese brands should focus on cultivating a marketing mix that focuses on building a relationship with its consumers, engaging them and adapting to their needs. The result will lead to a brand that is distinctly different than its competitors and will help to build brand loyalty and advocacy.

## Opportunities in Lower Tiered Cities

Until recently, a lot of attention has been focused on tier 1 and 2 cities such as Beijing, Shanghai, Guangzhou, Shenzhen and Tianjin. However, there are a number of tier 3 and 4 cities that are relatively smaller in terms of population and wealth, but still have vast swaths of people and wealthy consumers. According to Millward Brown, there are 4 tier 1 cities, 32 tier 2 cities, 238 tier 3 cities, and 383 tier 4 cities.



BRANDZ™ TOP 100 Most Valuable Chinese Brands 2014

Rank	Brand	Category	Brand Value (US\$ Mil.)	% Change	Rank 2013
1	China Mobile	Telecom Provider	41,291	27%	1
2	YICP	Financial Institution	34,428	2%	2
3	Lenovo	Technology	33,014	145%	9
4	China Development Bank	Financial Institution	28,040	4%	3
5	Baidu	Technology	22,985	17%	5
6	Agriculture Bank of China	Financial Institution	19,891	12%	4
7	Bank of China	Financial Institution	18,426	9%	6
8	Wencai	Oil & Gas	16,810	12%	7
9	Shenzhen	Oil & Gas	13,101	9%	8
10	China Life	Insurance	12,731	10%	10
11	Wang An	Insurance	11,718	9%	11
12	Bank of Communications	Financial Institution	11,424	17%	12
13	China Telecom	Telecom Provider	8,945	9%	13
14	China Investment Bank	Financial Institution	8,781	9%	14
15	WU	Food & Dairy	8,663	98%	15
16	Bank of Construction	Financial Institution	8,426	7%	16
17	China Eastern	Telecom Provider	4,421	9%	17
18	Avic	Airline	3,471	12%	18
19	China Merchants Bank	Financial Institution	3,214	10%	19
20	CNC	Insurance	2,596	2%	20
21	Mingyuan	Food & Dairy	2,100	20%	21
22	Shanghai	Health Care	2,090	12%	22
23	Shanghai	Food & Dairy	2,077	10%	23
24	Lenovo	Technology	1,780	10%	24
25	Wanda	Real Estate	1,547	10%	25

BRANDZ™ TOP 100 Most Valuable Chinese Brands 2014

Rank	Brand	Category	Brand Value (US\$ Mil.)	% Change	Rank 2013
1	New Oriental	Education	794	100%	4
2	Harbin Beer	Alcohol	700	20%	1
3	Dabai	Personal Care	700	100%	2
4	China	Travel Agency	700	100%	3
5	Industrial Bank	Financial Institution	600	100%	5
6	Langji	Food & Dairy	600	100%	6
7	Harbin Beer	Alcohol	522	9%	7
8	Jiefang Automobile	Automotive	514	100%	8
9	Tata	Apparel	500	100%	9
10	Shanghai Beer	Alcohol	470	11%	10
11	Midea Group	Home Appliances	459	10%	11
12	Robam	Home Appliances	451	100%	12
13	Harbin Beer	Alcohol	424	100%	13
14	Harbin Beer	Alcohol	400	100%	14
15	Bank of Shanghai	Financial Institution	391	100%	15
16	Shanghai Beer	Alcohol	390	100%	16
17	Bank of Shanghai	Financial Institution	390	100%	17
18	Bank of Shanghai	Financial Institution	390	100%	18
19	Bank of Shanghai	Financial Institution	390	100%	19
20	Bank of Shanghai	Financial Institution	390	100%	20

BRANDZ™ TOP 100 Most Valuable Chinese Brands 2014

Rank	Brand	Category	Brand Value (US\$ Mil.)	% Change	Rank 2013
1	PICC	Insurance	2,349	100%	2
2	Wang An	Insurance	1,971	100%	3
3	Wang An	Insurance	1,971	100%	4
4	Wang An	Insurance	1,971	100%	5
5	Wang An	Insurance	1,971	100%	6
6	Wang An	Insurance	1,971	100%	7
7	Wang An	Insurance	1,971	100%	8
8	Wang An	Insurance	1,971	100%	9
9	Wang An	Insurance	1,971	100%	10
10	Wang An	Insurance	1,971	100%	11
11	Wang An	Insurance	1,971	100%	12
12	Wang An	Insurance	1,971	100%	13
13	Wang An	Insurance	1,971	100%	14
14	Wang An	Insurance	1,971	100%	15
15	Wang An	Insurance	1,971	100%	16
16	Wang An	Insurance	1,971	100%	17
17	Wang An	Insurance	1,971	100%	18
18	Wang An	Insurance	1,971	100%	19
19	Wang An	Insurance	1,971	100%	20

BRANDZ™ TOP 100 Most Valuable Chinese Brands 2014

Rank	Brand	Category	Brand Value (US\$ Mil.)	% Change	Rank 2013
1	Shanghai	Food & Dairy	188	100%	4
2	China Consumer Products	Food & Dairy	188	100%	5
3	Haier	Home Appliances	188	100%	6
4	Haier	Home Appliances	188	100%	7
5	Haier	Home Appliances	188	100%	8
6	Haier	Home Appliances	188	100%	9
7	Haier	Home Appliances	188	100%	10
8	Haier	Home Appliances	188	100%	11
9	Haier	Home Appliances	188	100%	12
10	Haier	Home Appliances	188	100%	13
11	Haier	Home Appliances	188	100%	14
12	Haier	Home Appliances	188	100%	15
13	Haier	Home Appliances	188	100%	16
14	Haier	Home Appliances	188	100%	17
15	Haier	Home Appliances	188	100%	18
16	Haier	Home Appliances	188	100%	19
17	Haier	Home Appliances	188	100%	20



In the past these tier 3 and 4 cities have been isolated due to a lack of infrastructure. Today, numerous high speed rail and highway projects have helped link these lower tier cities together, along with small villages and towns in between. These transportation and infrastructural developments are “shrinking” distances between cities and are helping to transform consumer behaviour. A family can easily take a day trip from Xiantao, a tier 4 city in Hubei province, to Wuhan (the provincial capital and a tier 2 city) in under 25 minutes and enjoy shopping and dining, returning to their home in the evening. Consumption in tier 3 and 4 cities is still in its initial stage of brand consumption which is characterised by a strong desire to consume but lacking brand knowledge.

### Segmentation of Lower Tier Cities

Analysts have segmented lower tiered cities into three distinct population segments: the middle and affluent class (MAC), mass consumers, and migrants: rural people moving to the city for work. Many consumers in tier 3 and 4 cities are reaching MAC status today. Some analysts estimate that two thirds of China’s MAC population will reside in lower tiered cities by 2020. Members of this segment have high expectations for their future and a strong desire to change their lives. This change is often expressed through consumption as they look to trade up to better brands, especially for discretionary goods such as cars, furniture, apparel, and travel. Often times MACs have worked or spent time in tier 1 and 2 cities. Their experiences have inspired them to return home and start their own businesses such as spas, health clubs, and to introduce new ideas for lower tier cities.

General mass consumers are more traditional and conservative in their consumption habits. Most are still in the early stages of satisfying their desire for goods and services that exceed their basic needs. This group

usually ascends into middle class status with a social circle of close friends and family. If one person in a close group decides to upgrade their brand, the entire group tends to do so, often times in order to save face or maintain respect.

**In order to differentiate their product, Chinese brands should focus on cultivating a marketing mix that focuses on building a relationship with its consumers, engaging them and adapting to their needs.**

Finally, the migrant group usually moves to a lower tiered city near their hometown where they are often among the poorest inhabitants. While migrants don’t usually spend a lot of their money within the cities that they work in, they send a sizable portion of their income back to their rural homes. This group also cares about face, and when returning home they will introduce new and better products and brands to their families.

### The Top 10 Risers in Brand Value

Focus on brand building drove the value increases of the BrandZ™ Top 10 Risers, a ranking of brands that increased the most in brand value year-on-year.

Brand	Brand Value % Change 2014 vs. 2013	Category	Ownership	Brand Value US\$ Mil.	Top 100 Rank 2014
CR Sanjiu	66%	Health Care	Competitive SOE	841	48
Yili	66%	Food & Dairy	Market-Driven Firms	5,068	15
Yunnan Baiyao	72%	Health Care	Competitive SOE	2,990	22
Tencent	68%	Technology	Market-Driven Firms	33,829	3
Shuanghui	60%	Food & Dairy	Market-Driven Firms	2,679	23
Tong Ren Tang	50%	Health Care	Competitive SOE	1,610	33
Ctrip	47%	Travel Agency	Market-Driven Firms	718	54
Bright	42%	Food & Dairy	Competitive SOE	1,012	44
Tsingtao Beer	40%	Alcohol	Market-Driven Firms	1,722	31
Mangniu	30%	Food & Dairy	Competitive SOE	3,105	21

In order to maximise success in the future, marketers must understand the dynamics of these various segments within the lower tiered cities and in the cluster of villages and towns around them. These areas will be the fastest growing for a number of years to come.

### Rising Up

According to Millward Brown Brand Z, the top 100 brands in China reached a total value of 379.8 billion USD in 2013. The 50 most valuable brands realised 13% growth from 2012, demonstrating that there is still a lot of growth potential for Chinese brands for years to come as they look to develop not only domestically, but abroad as well.

The companies that grew the fastest last year were market-driven brands (both private and government owned) operating in industries where they must rely on efficient management and brand equity instead of the government. Look for these market driven brands to continue to grow at breakneck speeds as they help millions of consumers move closer to their “Chinese Dream.”

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# Are You Ready to get LinkedIn with China?

By Robert Parkinson, CEO & Founder of RMG



Most people in the west are familiar with the leading online business networking platform LinkedIn. According to its official statistics, by the end of 2013 the number of its registered users in 200 countries surged above 250 million people. I recently received an invitation to test the Chinese version of LinkedIn. It is quite obvious that LinkedIn caters more to the elite executives and professionals out of the 1.4 billion people in China. In this regard, for international companies with expansion plans in China, being part of the talent seeking and selection party might bring them a lot of talented people. However, if you haven't got a quality LinkedIn profile yet, you might just miss out!

So having said that, let's activate your LinkedIn profiles with 10 simple tips:

#### 1. Be clear about keywords

LinkedIn is all about keywords! As I usually use it at work I find three purposes of using LinkedIn's search function. Firstly, you know the connection. By putting their name in you can add them. Secondly, you can search for professional keywords to find potential candidates for recruitment. Finally, you look for employers through the keywords of companies or jobs. It is obvious that the first purpose underlines the social function. The other two both emphasize the importance of keyword searching. In this regard, it is necessary to be clear about

one's keywords before building one's LinkedIn page.

#### 2. Upload a professional photo

The reason why I come up with this tip is that I've seen so many LinkedIn accounts with poor visitor numbers. When I search for candidates, those appearing in the first few pages all have professional photos and those without photos mostly end up on the last page. To explain this from the perspective of headhunters, every recruiter hopes to find qualified candidates as soon as possible.

#### 3. Add contact information

There are two ways of adding contact information on LinkedIn. Firstly, you can use the Contact Info part, which is under the professional photo. This



is designed for LinkedIn connections to share email addresses, work and mobile phone numbers, individual blogs and company websites. There is also information for expat employers related to customised social media. The popular social media WeChat has recently become available on LinkedIn. So, if you want people to reach you via voice message, why not try it?

#### 4. Show your uniqueness via website options

On the Contact Information section you can add websites. You might simply choose company websites, but have you noticed the option "Others"? To be more specific, if you add a "Company Website", it will simply show what it is. It doesn't work if you would like to build your company's brand via employees.

#### 5. Give a clear summary

I have read a lot of LinkedIn summaries during my searches at work. Some people introduce themselves briefly and others focus more on their work achievements. However, the summary is the first impression that you give to visitors and you want to differentiate it from others. Just like an interesting self-introduction in an interview,

a brilliant summary will catch people's attention.

#### 6. Use brief points in the "Work Experience" section

Long paragraphs will not interest people. It is strongly recommended that people describe their professional

**We always find that very few LinkedIn users actually add those all-important projects to their profiles.**

experiences with job responsibilities and achievements separated. Using bullet points to show that the content has a good structure is helpful because when others read through your profile they will be impressed by the clear way of expressing experiences. Another useful tip is to add links and documents.

#### 7. Prioritise endorsements

Editing endorsements is quite important for keywords searching. At first, you must clearly display your

personal skills. Take headhunters as an example, the skill recognitions might include "executive searching", "career consulting", "talent management", "recruitment", "coaching" and so on.


#### 8. Add projects to get associate branding

We always find that very few LinkedIn users actually add those all-important projects to their profiles. If you haven't learnt how projects can affect your personal branding, you might want to learn about it now! Most people are not clear about the definition of projects. In fact, projects exist in every industry, but they have different contexts and meanings. By pointing them out you will get associate branding for yourself!

#### 9. List honours and awards

I quite like the customisation of the LinkedIn interface after its recent update. Users can decide if they want to add honours and awards onto the page or not. If your company gets a well-known award in the industry, why not share it on your profile? The more honours and awards you put there, the more people will be attracted to your company's brand.

#### 10. Customise public records

The last tip is about public page customisation, which means you decide what you would like to show to the public. Users who care about privacy issues like birthday, hobbies, education and current companies can choose not to show them to the public. So therefore it is not necessary to delete the information if you have already spent a lot of time working on it. Improving LinkedIn profiles can take a few days, but as a start, following these 10 simple tips will certainly help you build a good profile. Stop grumbling about how you cannot use LinkedIn well. Now is the time to polish up your profile and get noticed! 

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# Great Leaders are Great Listeners



Dr. Kim Zovak is a graduate of Stanford University and has a doctorate in leadership. She has worked in the USA, Australia and now China, based out of LDIT's Tianjin office. She is LDIT's Director of Coaching Services.



I have rarely, if ever, seen listening as one of the key traits in a job description or list of qualifications for a prospective manager; and yet, listening is one of the most important qualities of successful leadership. It is essential that we listen to our team, our superiors, our staff, our stakeholders, our clients, and to our competitors. Great leaders need to be great listeners.

This traditional Chinese character provides excellent insights to better listening. Treat the person as royalty, and use your eyes, ears and heart to give them your undivided attention.

Leadership author and consultant Marshall Goldsmith asserts that listening is the one skill that distinguishes exceptional leaders from average leaders (*The Skill that Separates*, 2004). He points out that when we're on a date, talking to our boss or pitching an idea to a new client, we instinctively know we need to focus intently on what the other person is saying. Goldsmith stresses that "super-successful leaders" maintain that level of focus all the time, automatically. Great leaders know that it's never wise to lower our standards for caring, giving empathy, and showing respect. The most successful leaders also consistently make listening a top priority.

## Listening gathers valuable information

In order to be a better listener, we must accept the fact that we are not always the smartest person on our teams or in our companies. Other people possess valuable information and critical insights. Great leaders do less talking, and more listening,

because they recognise the wisdom they can glean from the diversity of perspectives. And, great leaders don't just listen to those who have similar perspectives. They listen to those who disagree, or challenge assumptions. If leaders want to make the wisest decisions and implement the best ideas, they need to actively seek out the valuable contributions of others.

Mei, a senior manager, makes a regular habit of asking for input from her team during meetings. She asks those who haven't offered their thoughts: "What ideas does this discussion trigger for you?" "What are the key things you are hearing that we need to pay attention to?" She also asks follow-up questions when people share ideas to further draw out their thinking: "What would that look like?" "How do you see that having an impact?" "What if...?" Mei's intentionality in asking questions—and not interrupting when people respond—provides her with important input, and shows her team that their opinions and contributions matter.

## Listening shows that you care

When we take time to listen and to give our attention to another person, we show that we care. This kind of listening is not about listening in order to persuade or advise, but

to understand what the other is experiencing. When we listen with an attitude of compassion, we build trust, loyalty and commitment.

When seeking to listen with care, it is important to listen beyond the facts and information to hear the emotions and motivations. Hearing and accepting people's emotions gives people the support they need to work through their challenges. Resist telling

**Great leaders know that it's never wise to lower our standards for caring, giving empathy, and showing respect. The most successful leaders also consistently make listening a top priority.**

people not to feel the way they do, or to let your own discomfort with emotions undermine your listening. Though this approach to listening may not sound directly related to work, research supports the proposition that employees who feel listened to are



more engaged and productive.

Employees will have greater motivation, perform better and be more committed when they know their boss is genuinely interested in their well-being. Similarly, clients will choose to do business with the people and companies that demonstrate they care. The old saying is true: "People don't care how much you know, until they know how much you care."

Listening wins trust and builds relationships

In addition to creating a climate of care, good listening demonstrates our respect which, in turn, builds trust and rapport. And trust is the new currency of successful businesses today.

I was recently talking with John, a regional director for a large service-oriented company, who was complaining about an employee repeatedly coming to him with the same issue. "I've already heard it numerous times! We've talked about this and settled it." Really? I suspected that the fact that John's employee was still trying to talk about the issue meant that the employee didn't yet feel heard or understood. Ironically, John had previously reported that the same employee was disengaged and unproductive; and yet here the employee was trying to engage John on a matter he still felt strongly about. By not being a better listener, John was missing the possibility to better understand and re-engage this employee.

When we get busy and overloaded it is tempting to try to keep conversations as brief as possible. For some conversations, that may be fine. However, for many conversations, shutting down the dialogue shuts down the relationship, which in turn undermines trust. With limited trust, future conversations will be more difficult, less open and inevitably take longer.

Let's imagine that John took a different approach. What if John shifted his perspective from seeing the conversation with his employee as an annoyance, to an opportunity to build





loyalty and invest in his development? This time, when his employee approaches, John welcomes him and gives him his full attention. Instead of immediately responding to what John assumes is his employee's point, John seeks a better understanding by asking a few questions: "What do you see as the key issue?", "What do you need from me to move ahead?" or "What do you think is the best way forward?" The employee leaves the conversation feeling heard, understood, and empowered to move forward. John leaves the conversation feeling less exhausted and pleased to see the positive impact that he was able to make in such a short amount of time.

**Listening empowers others**

Too often, leaders only listen to gain information in order to solve problems or to give direction. What if, instead, we used listening as a tool to empower others to act, rather than foster dependency?

When we listen well and ask good questions (rather than make suggestions or give advice), we facilitate and motivate others to solve their own problems. Withholding our reactions and allowing for silence gives the other person space to reflect. This can help them to clarify their thinking, tap into their own creativity, and plot a new course of action; all without us telling them exactly what to do.

Amy, a sales manager, demonstrated this recently. One of her employees scheduled an appointment to talk about a problem he was having with a valued customer. Amy listened attentively, asked questions to help unpack his thinking but never gave advice. She gave the employee space to reflect and asked a few questions: "What is the key issue?", "What are your options?", "In light of our company values, what do you think is the best way to move forward?" Amy's employee left with a solid plan of action, and with greater confidence

in himself. Amy's intentional listening enabled her employee to clarify his values, to uncover hidden assumptions, and to generate a solution that he could immediately implement.

**The Listening Challenge**

So, are you up for a challenge? Ask three team members what you can do this week to become a better listener. Don't interrupt them when they respond. Don't defend or critique the feedback. Simply thank them for their honesty and input. You'll gain valuable information while simultaneously building trust. And, as you take to heart and put into practice what you've heard, you will be modelling a key leadership principle – great leaders are great listeners. **E**

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# How to Properly Dismiss an Employee under Chinese Law



Simon Bai  
Winners Law Firm



**Introduction**

In China, the laws in relation to the termination of employment contracts are provided under the Employment Law of China ("EL"), Employment Contract Law of China ("ECL") and related regulations and judicial interpretations. Many of these laws have been promulgated or substantially amended since 2008, with an aim to better protect employees and their interests in the workplace.

Employment termination is one of the thorny issues that multinational companies have to deal with appropriately in their day-to-day operations. Thus, multinational companies should understand the legal framework and issues behind employment termination in order to reduce legal risks.

Employment termination occurs in three ways: upon expiration of the employment contract, termination out of mutual consent or through early termination. An employer can rarely unilaterally terminate an employment contract at-will, unless the termination falls under a limited number of statutory grounds.

**Expiration of Employment Contracts**

Unlike in the U.S., where the concept of "at-will employment" allows the employer to terminate an employee any time the employer deems fit, Chinese law requires an employer to fulfil certain criteria before dismissing an employee. The employer is advised to have a fixed term contract with an expiration date since terminating an employment contract with an open term can only happen on statutory grounds.

The ECL and EL both provide that fixed term contracts automatically end upon the expiry date. The ECL also lists other circumstances upon which a fixed term contract will end, such as death of an employee or liquidation of the company.



Under the ECL, however, an employer only has the option of signing two fixed-term contracts with an employee before an open-term contract must be signed. Further, the employee can demand an open-term contract at the end of the second fixed-term.

According to the ECL, severance is payable upon the expiration of a fixed-term employment contract unless the employee does not agree to renew the contract when the terms and conditions offered by the employer are the same as or better than those stipulated in the current contract.

## Mutual Termination

An employment contract can always be terminated by mutual agreement. Where the employer initiates the mutual termination, the employer generally provides severance payment to the employee in order to obtain employee consent.

## Termination with Cause

Under any of the following circumstances, an employer may unilaterally terminate the contract without paying the employee severance:

(i) If the employee seriously violates the employer's rules or regulations. Under the ECL, in order to adopt internal rules relating to HR issues, an employer must follow an employee consultation procedure.

(ii) If the employee commits serious

**The employer is advised to have a fixed term contract with an expiration date since terminating an employment contract with an open term can only happen on statutory grounds.**

dereliction of duty or graft that causes major damages to the employer's interests (which may be defined by the enterprise's internal rules or regulations).

(iii) If the employee is "prosecuted according to the law."

(iv) If the employee maintains an employment relationship with a

second employer that materially affects his or her employment relationship with the first employer;

(v) If the employee used coercion or deception, or took advantage of the employer's difficulties to make the employer sign the employment contract.

## Termination without Cause

An employer can terminate the employment contract by giving 30 days prior written notice and paying severance to the employee in the following circumstances:

(i) Employee suffers from illness or non-work-related injury and is unable to engage in the original work or any other work assigned by the employer to him/her upon the conclusion of his/her statutory medical treatment leave.

(ii) The employee is incompetent and remains so even after training or assignment to another position.

(iii) There has occurred a major change to the objective circumstances under which the employment contract was concluded, which has rendered the performance-related aspects of the employment contract impossible and the parties have failed to reach an



agreement on the amendment of the employment contract.

## Termination during Probation

An employee in the probation period may be dismissed if he or she does not satisfy the conditions of the employer where prior notice and payment of severance are not required. The permissible length of probationary periods is determined by the duration of the relevant employment contracts. If an employment contract has a term of between 3 months and 1 year, the probation period may not exceed one month; if an employment contract has a term of 1-3 years, the probation period may not exceed two months; and if a contract has a term of 3 years to open-ended, the probation period may not exceed six months.

## Redundancy Lay-Offs

Under the EL and the ECL, redundancy is a concept involving the lay-off of at least 20 employees, or where less than 20 employees are affected, at least 10% of the total work force. The redundancy needs to go through various statutory procedures, e.g. consultation with the trade union (if any) or all employees and filing of the redundancy plan with the local labour bureau.

According to Article 41 of the ECL, statutory grounds for mass lay-off are the following:

(i) The employer is to undergo restructuring in accordance with the

Enterprise Bankruptcy Law;

(ii) The employer is experiencing serious difficulties in its production and operations.

(iii) The enterprise is to switch production, introduce a major technological innovation or revise its business method and, after amending the employment contracts, still needs to reduce its workforce.

(iv) The employer is to undergo a material change affecting the objective economic circumstances relied upon at the time of the conclusion of the relevant employment contracts, rendering them impossible to perform.

## Unlawful Termination

In the following instances, an employer is prohibited from dismissal of employees:

(i) When an employee suffers from an occupational disease or has sustained an injury caused by the employment, and is confirmed to have lost or partially lost the capacity to work;

(ii) The employee is in a statutory medical treatment period for a non-work related illness or injury;

(iii) The employee is pregnant, on maternity leave, or during the nursing period.

(iv) The employee is engaged in operations exposing him to occupational disease hazards and has not undergone a pre-departure occupational health check-up, or is suspected of having contracted an occupational disease and is being diagnosed or under medical

observations.

(v) The employee has worked for the employer continuously for at least 15 years and is less than five years away from his or her legal retirement age.

(vi) The employee is still in his or her term as a union chairman, vice-chairman, or union committee member.

(vii) The employee is still in his or her term as collective bargaining representative during collective bargaining negotiations.

## Calculation of Severance Payment

Where severance is required upon termination of a contract, the employee's severance pay is generally in the amount of one month's average wages for each year of service. If an employee has worked for a period of less than 6 months, the employee would be entitled to a half-month's wage for that period of service; if the employee has worked for a period of between 6 months and one year, then the employee would be entitled to a full month's wages. In cases of termination for incompetence and mutual termination, severance is limited to 12 months of average wages.

The average month's wage is calculated by taking the total amount of compensation paid to the employee during his or her final 12 months of employment (including base salary, overtime, bonuses, subsidies, allowances, and commissions) and dividing this amount by twelve. In addition, under the ECL, if an employee's monthly wage exceeds 300% of the average monthly wage in the municipality where he works, his average monthly wage amount (for severance calculation purposes) will be capped at 300% of the local average monthly wage, and he would only be entitled to a maximum of 12 months' wages as severance payment. **□**

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# PRC to Reform Registered Capital Regime via Amendment to its Company Law and Laws on Foreign Invested Enterprises



Manuel Torres



Margaret Si

By Manuel Torres (Managing Partner), Yunjie Si (Senior Associate) of Garrigues Shanghai



Following the trial of reforming the registered capital regime in Shenzhen city and Zhuhai city of Guangdong province in the early 2013, and in the Shanghai Free Trade Zone launched last September, the Standing Committee of National People's Congress of China, on 28 December 2013, promulgated the amendment of PRC Company Law ("Company Law Amendment 2013"), which took effect from 1 March 2014 to implement the reform of registered capital regimes nationwide. After that, on 7 February 2014, the State Council circulated the Notice on the Reform Plans of Registered Capital Regime to implement the Company Law Amendment 2013 in detail. Furthermore, on 19 February 2014, the State Council issued the Decisions on Abolishment and Modification of Certain Administrative Regulations in order to adapt the old registered capital regime as regulated in those administrative regulations with the new one stipulated in the Company Law Amendment 2013, pursuant to which, since 1 March 2014,

The following regulations were abolished:

- Certain Regulations on the Subscription of Capital by the Parties to Sino-Foreign Equity Joint Venture Enterprises (1988) and its supplementary regulations;

And the following regulations were modified:

- the Administration Rules on Company Registrations (2005)
- Administration Rules on Registrations of Enterprise Legal Person (2011)
- Implementation Rules on the Law of Sino-Foreign Equity Joint Equity Enterprises (2001)
- Implementation Rules on the Law of Sino-Foreign Cooperative Joint Equity Enterprises (1995)
- Implementation Rules on the Law of Wholly Foreign Owned Enterprises (2001)

Introduced by the above reform, the current registered capital regime in China, known as the

paid-in capital registration system, has been replaced by the subscription capital registration system, which constitutes a very big reform in terms of corporate commercial registration ("the Reform"), easing the registered capital requirements, improving investment capital efficiency and flexibility and facilitating investment in China. We herein below elaborate the key features of the reform on the registered capital regime as well as its implications on foreign investment in China.

## I. Key Features of the Reform

The following are the key features of the new registered capital regime brought by the above Reform:

### (1) Eliminating the statutory minimum amount

Before the Reform, except for in certain specially regulated sectors such as insurance companies and commercial banks, in general, the statutory minimum amount of registered capital for a limited liability company was 30,000 CNY (or 100,000 CNY for a company with only one shareholder) and 5 million CNY

for a joint stock limited company. For foreign invested enterprises, the relevant laws on foreign invested enterprises even explicitly required the registered capital shall be equivalent to the needs of its future business scale. For example, in Shanghai, in practice the local registries of some districts require 140,000 USD as minimum registered capital for an ordinary wholly foreign owned trading company.

**It should be noted that, as per the PRC Company Law, an investor shall receive dividends in proportion to its paid-up capital contribution.**

### (2) Eliminating the minimum cash contribution ratio

Before the Reform, the contribution in cash had to be no less than 30% in the registered capital for a limited

liability company or in the registered capital subscribed by promoters of a joint stock limited company. Namely, the contribution by non-cash assets could not account for more than 70% of the total registered capital of the company.

Under the new registered capital regime, there will be no ratio requirement about cash contribution, meaning that the shareholder could contribute in other forms, such as in-kind, intellectual property rights, etc., up to 100% of the registered capital.

### (3) Eliminating statutory time limitation for capital contribution

Before the Reform, for ordinary foreign invested enterprises, in the case of capital contribution in instalments, the first instalment had to be no less than 15% paid off within 3 months after incorporation, and the margin paid off within 2 years; or in the case of contribution in a lump sum, the full capital shall be paid off within 6 months after the incorporation. For a foreign invested investment company, it had to be paid off within 5 years.

Under the new registered capital regime, the time limitation for capital contribution will be subject to the investors' discretion to be stated in the







articles of association, theoretically any time within the operation term. Furthermore, the capital contribution term previously stated could be further extended via amendment to its articles of association as per the business needs of the company.

#### (4) “Paid-in capital” item removed from the business license

Before the Reform, paid-in capital was one of the compulsory registration items which was indicated in the business license of a company.

Under the new registered capital regime, paid-in capital is no longer a compulsory registration item and will not be indicated in the business license, meaning that the company does not need to apply to change registration of paid-in capital before the local commercial registry to update its business license after the capital contribution.

#### (5) Cancellation of Capital Verification Procedure

Before the Reform, after each capital contribution, the company needed to engage a CPA to conduct capital verification and file the capital verification report with the local

commercial registry. After the Reform, the above capital verification procedure is eliminated and relevant costs could be saved.

#### (6) Replacement of Annual Inspection System with Annual Filing System

Before the Reform, the company must have applied for an annual inspection with local authorities during the period from 1 March till 30 June each year and failure of which would trigger punishment and even the revoking of the business license.

After the Reform, the company only needs to file the necessary information such as paid-in capital, assets, etc. in the online system of the commercial registry during the above period, which could be accessed by the public.

## II. Potential Implications on Foreign Investment in China

Since the relevant laws on foreign invested enterprises have also been adapted to the new Registered Capital Regime, undoubtedly, foreign

investment in China will also benefit from the new regime, which may include the following practical aspects:

#### (1) Flexibility in Registered Capital Determination

The foreign investor will have more flexibility in determining its registered capital amount and contribution methods as per its business needs.

It should be noted that, although the minimum registered capital requirement is eliminated, it is still suggested that, its business scale and commercial needs in the future should still be taken into account but may be with a relaxed contribution schedule. Otherwise, if the initial registered capital is too low and can not support its business operations, the company may need to conduct a capital increase, which needs to be approved by a local approval authority and registered by a local registry.

On the contrary, it is not a case of- ‘the higher the better’. If the investor subscribes a much higher registered capital, the investor shall be responsible for the liabilities of the company within the amount of the registered capital.

#### (2) Flexibility in Capital Contribution

The foreign investor would have more flexibility in arranging its capital contribution schedule as per its business needs, meaning that, the foreign investor could arrange a more relaxed contribution schedule.

However, it should be noted that, as per the PRC Company Law, an investor shall receive dividends in proportion to its paid-up capital contribution. In particular, in the case of joint ventures, if the foreign investor would like to contribute registered capital gradually over a longer period, the right to receive dividends and voting rights may be limited in proportion to its paid-in capital in the invested company.

In addition, if an existing foreign invested enterprise is now in default in capital contribution by missing the 2-year capital contribution limitation, it could apply for an extension of its current contribution term to be longer without contributing all the remaining capital immediately, which enables the company to maintain legal status.

#### (3) Implications on M&A Payment Schedule

Under current M&A rules in China, where M&A of a domestic enterprise by a foreign investor is conducted by the method of subscription of capital increase, the foreign investor shall contribute the incremental capital within a statutory time limitation. However, the current M&A rules have not been modified to keep consistent with the above Reform. It is anticipated that, in the future, the M&A rules would be adapted accordingly by adopting the new subscription registered capital regime.

#### (4) Use of Registered Capital

Under current foreign exchange control in China, a foreign invested company can use its registered capital only after the capital verification of the said capital. However, the current foreign exchange rules have not been adapted to remove the capital verification requirement. However, it is anticipated that, in the future, the foreign exchange administration will issue adaptation rules to keep consistent with the above Reform.

## III. Summary

The reform on registered capital regime brought by the issuance of the Company Law Amendment 2013

as well as amendments to foreign invested enterprise laws and other rules, will undoubtedly facilitate greater foreign investment in China.

However, since some other laws, administrative regulations and decisions of the State Council still have not been fully adapted to the new regime, as of writing this article, local practices in different provinces, municipalities and cities vary greatly in implementing the new regime for foreign invested enterprises. Some local authorities have already implemented the new regime while some are still conservative and following previous procedures whilst waiting for implementation rules issued by the Ministry of Commerce.

It is believed that, in the future, the practices in different locations would be unified and amendments to certain laws and regulations will be issued to implement the new regime. We will be keeping a close watch on the new rules and regulations and will be happy to update you in the future. **B**

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# Trade Fairs in China: Take Steps to Protect Your IPR



Philippe Healey,  
Project Manager,  
China IPR SME  
Helpdesk



**T**rade fairs are an excellent opportunity for a business to showcase their new products and to scout out business partners for manufacturing, promotion and distribution. Unfortunately, trade fairs in China are a common prowling ground for infringers, so it is of utmost importance that you protect your IPR by ensuring that all intellectual property precautions are undertaken. It is not sufficient to merely gain intellectual property rights for a company's assets – steps should be taken before, during and after a trade fair to ensure maximum protection. In this article, these three stages and their most important steps are outlined.

## Before the Trade Fair: Fail to Prepare, Prepare to Fail

- 1) As with tangible products, you can only protect the intellectual property (IP) that you own. As is the case in the EU, your key IP features must be registered, and therefore protected, in China.
- 2) Determine your strategy in advance of the trade fair. Do you want to take enforcement action at the fair, or only use the fair as an opportunity to gather evidence? If you are not certain about securing all necessary evidence and paperwork to carry out an action at the fair, gathering evidence there first may be a better strategy.
- 3) Prepare the required documents – some may need to be notarised and legalised which can take up to two months. The required documents include:
  - Certificates of IP right ownership (notarisation and legalisation strongly recommended, and in the case of some Chinese authorities, required) of patents, trademarks and copyrights (if registered).

- Photographic evidence of alleged infringing products (where available), which are displayed at the trade fair.

- Notarised and legalised Power of Attorney (POA) in favour of the person seeking to enforce the IP rights.

- A catalogue of basic information regarding suspected infringers who may be present at the trade fair, including company name, information about the alleged infringing products, and their contact details.

- 4) Visit the trade fair's website, or contact the organiser, to gain information on any complaint centre that there may be at the trade fair and if there is any IP protection information available to you. If there is no complaint centre present, check if the local IP authorities are authorised to enter the trade fair to enforce IP rights.

- 5) Take steps to research if there are any 'suspicious' organisations (i.e. those you know or suspect to be handling infringing items) expected to attend. The organiser should be able to provide a list of exhibitors with stall numbers prior

to the trade fair.

- 6) Carefully read the exhibitor contract. Are there measures in place to be taken if counterfeit products are identified? Will it be possible to expel exhibitors or

**Trade fairs in China are a common prowling ground for infringers, so it is of utmost importance that you protect your IPR by ensuring that all intellectual property precautions are undertaken.**

clear stalls? If it is unclear in the contract, take steps to clarify the arrangements with the organiser. If there are no such provisions, you or your SME Association should consider lobbying the organisers to secure appropriate sanctions.

- 7) Use experienced agents or

lawyers and obtain any necessary entry passes for them. At a number of trade fairs in China, only foreigners are permitted to enter. For example, the Guangzhou Export Commodities Fair (Canton Fair) restricts admittance of Chinese nationals who do not have stated business at the fair.

## At the Trade Fair: Be Pro-active, Not Reactive

- 1) Where possible, visit the trade fair during the set-up phase and visit known, past or suspected infringers. Infringers may be selling to customers outside of the fair even if they are not openly displaying infringing goods.

- 2) Know where the relevant IP authorities are located and in particular, it is prudent to make yourself known to the authorities before any potential issues arise and consult with them on specific issues at a particular event. If you decide to file a complaint at the IP Office of a trade fair, the alleged infringer is usually given a certain amount of time to respond, therefore it is important to file any complaints as early as possible at the trade fair.







3) Remember, displaying products at trade fairs can (but not in all circumstances) constitute 'publication' which may affect their novelty value. E.g., if you display a new product at a trade fair in such a way that its innovative elements are clearly visible and have been documented in some manner then you could be prevented at a later stage from obtaining a patent for that product. Current patent law provides a grace period, meaning that an invention or creation does not lose its novelty if a patent application is filed within six months of when it is first exhibited at a trade fair recognised by the Chinese Government.

4) Collect business cards, brochures and other information from any suspected infringers. While infringers may appear in various guises with different company names, they usually provide the same mobile phone number.

5) Take a digital camera or camera phone to secure evidence. Note that while such devices are not

prohibited, some exhibitors (particularly if they know they are infringing IP rights) may object to picture taking. Consider having a notary public accompany you because in most circumstances only notarised evidence will meet formal evidentiary requirements in China. Without a notary, there is scope to argue that the evidence is not genuine.

6) If you do not take any enforcement action, ensure that you maintain a database, recording the details of suspected infringers and obtain as much evidence as possible which can be used for potential enforcement later.

#### After The Trade Fair: Act On The Information You Have Gathered

1) Follow up on evidence gathered or actions taken at the trade fair.

2) If action was taken at the trade fair, follow up with the authorities and conduct follow up investigations to check if the

infringer has halted the infringing activities.

3) Send cease & desist (C&D) letters to known infringers prior to the next trade fair.

It may be more prudent to wait instead of taking immediate enforcement action. Pursuing networks of manufacturers, traders and overseas customers often leads to the discovery of common links, makes priority targets clear and makes progress easier to measure. For example, the exhibitor may not be the main target (they may be a small reseller or trading company), so it might make sense to obtain evidence at the trade fair and investigate the exhibitor afterwards so that more substantial targets, a manufacturer or even infringing networks can be disclosed or pursued. **B**

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# Wearable Tech

By Stephen P. Ashton



As technology becomes increasingly compact and portable, the ability to include it within more day-to-day products becomes more feasible. This allows technology-enhanced products to be created that can be used in everyday situations to augment your experiences with minimal disruption to your life. Things which were once just for fashion, superficial objects, gain useful functionality whilst still being stylish thanks to breakthroughs in interactivity and research into mobile platforms.

Wearable technology is the next evolutionary step for technology according to many experts in the

field, and we are just scratching the surface with current projects. Devices which work in conjunction with us in our daily lives rather than taking precedence over our attention are the future. Technology that seamlessly integrates with us on tasks which we

do anyway is an interesting concept that is worth exploring further.

#### Smartwatches

Smartwatches are already available from many of the big names in mobile



technology, including Samsung and Sony and some previously unknown companies like Pebble. Current Smartwatch devices seem to share a commonality in that they are extensions of current mobile phone handsets rather than independent devices, meaning their functionality is linked intrinsically to a mobile phone via Bluetooth or NFC (Near Field Communication).

The main functions which Smartwatches of the current generation have include alerts for text messages and emails. Basic apps such as calculators, timers and calendars are also included. More expensive devices include the ability to control calls from the phone like a wrist mounted hands-free kit. This allows for great extended control of your current handset.

The immediate future of smartwatches seems to be in the hands of Samsung whose Galaxy Gear is possibly the most publicly recognised device, with two new models being released to coincide with the Galaxy S5 phone. The Galaxy Gear 2 Neo and

Galaxy Gear 2 are being touted as game changers in the sector, with special focus on the users' wellbeing. Heart rate monitors and built-in fitness apps are key selling points. This appears to be a step in the right direction, finding its own uses as an independent device.

**Technology is getting to the point where it is only limited by inventors' imaginations. It is anyone's guess what the next step is.**

### Google Glass

Glass by Google is a wearable head-mounted interactive computer which is in the form of glasses, with prescription versions coming in due course. The idea is to give a

smartphone-like experience with minimal disruption. This is achieved via voice command and a few simple buttons on the rim of the device. A display is visible in the upper quadrant of the wearer's eye line, and sound is transmitted to the user's inner ear using bone conduction, vibrating the skull rather than using a traditional speaker. Internet access, a camera and voice feedback are all features built in.

Google glass has had its share of controversy with privacy concerns. Having a discrete camera built-in started an outcry over the rights of what should and could be recorded with little indication to people other than the user that they are being filmed. This has led to incidents at cinemas and in public of people who have taken exception to the wearer's choice to film without permission, or the wearer being assumed to be filming by mistake.

### NFC Tags

NFC, or Near Field Communication,



is a protocol for wirelessly transferring data over short distances. Originally marketed as a wireless contactless payment system, people often don't realise that there are endless uses for this technology. Many current phones, especially those with Android handsets, have NFC capabilities, which allow for communication with other NFC compliant devices. Common uses include the transfer of files between handsets, contactless payment and linking devices such as smartwatches.

What are NFC tags? They are basically small data storage devices that are read and powered by another NFC reading device such as a phone. This may not sound particularly interesting or useful, but in fact the potential for this technology is limitless.

As for uses, they can be as simple or complex as you want them to be

as tags are normally blank when purchased and user programmable. For instance, imagine using your phone as a satellite navigation system in your car. Soon NFC, along with home automation systems, could be used to lock your house doors. With a simple swipe near the lock with a tag, your door could be unlocked. It could also possibly turn on your lights and TV. If you are a businessperson, an NFC tag could contain a digital business card, which would send your business details to a potential client's phone. This would be handy if you ran out of normal cards, especially since it will always be there and will never run out. NFC has the potential to be implemented in the advertising, retail and restaurant sectors too.

### Just the beginning

These are just a few examples of wearable technology, with more

devices being developed day by day. We could soon all be wearing devices to augment our experiences through technology. Technology is getting to the point where it is only limited by inventors' imaginations. It is anyone's guess what the next step is. It could be something like the mood sensing clothing that is currently being developed by Microsoft, or something more futuristic like sub dermal sensory implants for direct connections to technology. Only time will tell, but it can only be a good thing for innovation as all the technology firms compete to be more original and find the next big thing to catch the public's imagination. **E**

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**The Astor Hotel, A Luxury Collection Hotel, Tianjin Promotes Ms. Lilian Liu to Financial Controller**

The Astor Hotel, A Luxury Collection Hotel, Tianjin is delighted to promote Ms. Lilian Liu to the position of Financial Controller effective from 1 May 2014. Lilian has more than 17 years working experience in finance, and she previously worked as the General Accountant at the Holiday Inn Tianjin Hotel. She then worked as Assistant Chief Accountant in The Crowne Plaza Tianjin Binhai. Since 2011 Lilian has worked as Assistant Financial Controller at The Astor Hotel. She has worked in different positions in the Finance Department, including General Cashier Accounts Payable, Cost Controller, General Ledger, Chief Accountant etc., and in her three years in Tianjin she has presented extraordinary talent.



**Announcing Mr. Jose Garcia as Director of Beverage**

We are so excited to welcome Mr. Jose Garcia to the Renaissance Tianjin Lakeview Hotel & The Lakeview, Tianjin – Marriott Executive Apartments as Director of Beverage, effective on 31 March 2014.

Jose came to China in July 2010, and has worked in the Food & Beverage departments of both the Marriott and Starwood Properties. His abundant knowledge in beverage and fresh and new thoughts display his capability.

Let's welcome Mr. Jose Garcia to our team, and wish him every success in his new assignment at the Marriott.



**Arrail Dental Announces Dr. Dinos as a consultant of aesthetic restoration and implants**

Arrail Dental, the first international dental clinic in Tianjin is delighted to welcome Dr. Dinos as a consultant of esthetic restoration and implants. Currently, Arrail Dental has over 30 clinics around China, including Beijing, Tianjin, Shanghai, Hangzhou, Shenzhen, Guangzhou and Xiamen.

Dr. Dinos is looking forward to his tenure in Tianjin and working with the genuinely hospitable Chinese employees at Dental Clinic and offering the best services to the guests.

**If you have any new appointments you would like to announce please send an email to [editor@businesstianjin.com](mailto:editor@businesstianjin.com)**

**Metropolitan Plaza Tianjin A Fashionable and Shining New Landmark on Nanjing Road Is Opening Soon**

*By Ben Hoskins*

Metropolitan Plaza Tianjin will be the first commercial project built in Tianjin by Hutchison Whampoa Properties Limited and Cheung Kong (China) Co., Ltd. and will be a world-class shopping centre on Nanjing Road. The grand opening is scheduled for the fourth quarter 2014. Its total floor area will be about 76,000 square meters, covering retail, entertainment, dining, cinemas, and personal care. The project is located near the Yingkoudao subway station on Nanjing Road, ideally placed to attract a flow of people from outside the city, but also to bring in a large number of foreign tourists along with the development of the Nanjing Road shopping district.

General Manager for Marketing of Hutchison Whampoa Properties, Qiu Junhao, said: "Metropolitan Plaza Tianjin as a new member of the Nanjing Road shopping district will create an innovative one-stop fashion, shopping, and food centre." Gaining momentum for a fourth quarter

opening, the mall will be six floors with around 200 shops.

According to Jin Sheng, chief marketing manager of Hutchison Whampoa Properties Tianjin Company, Metropolitan Plaza Tianjin introduces a "fine dining" concept, creating a new food experience on Nanjing Road. They are committed to the introduction of international brands, planning to create a new international fashion shopping area in Tianjin, and top theaters will serve to introduce the first cinema on Nanjing Road.

With its access to the Yingkoudao subway stop, the shopping centre should make for a convenient shopping experience regardless of the weather. In addition, the complex plans to provide about 1,380 parking spaces, which would make it the largest parking area on Nanjing Road.

Metropolitan Plaza Tianjin is a three pronged project consisting of shopping, office, and residential, and there is also a plan for a 1,410 square

meter open-air plaza. It hopes to become a new business landmark in Tianjin and serve as a new paradigm of world-class shopping malls. **E**

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## Past Events:



### PwC Tax Seminar:

#### 2013 Annual Corporate Income Tax Filing Key Points Update

27 March 2014

In cooperation with the German Chamber of Commerce, the European Chamber Tianjin Chapter organised an informative and practical breakfast briefing on 27 March at the Hotel Indigo Tianjin Haihe. Jacky Chu, Partner of International Assignment Service PwC shared his knowledge and thoughts on various issues, and he also answered specific questions members had.



### Training Course: Microsoft Office

28 March 2014

According to recent data, only 20% of Office application functionality was used by a common end user. However, 25% of productivity will be improved by the execution of application skill training, which equals to nearly a 2000% rate of return on investment. The purpose of this training program was to save hours of work and increase organisation productivity with instant results.

### Inter-Chamber Breakfast Briefing: Risk Management and Business Insurance

11 April 2014

In cooperation with the German Chamber of Commerce the European Chamber Tianjin Chapter organised a breakfast briefing on 11 April 2014 at the Ritz-Carlton Tianjin. Risk exists everywhere, and it can come from uncertainty in financial markets, threats from project failures, legal liabilities, credit risk, accidents, and natural disasters. We have to understand risks and know how to minimize them. In this Breakfast Seminar, Mr. Thomas Hai, supervisor of the business development division of Aioi Nissay Dowa Insurance (China) Co., Ltd., provided information on risk management and business insurance and explained what the potential risks are and how to protect your business.



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## Past Event:



### Exclusive Company Tour to Caterpillar Tianjin Ltd.

26 March – Caterpillar Tianjin Ltd.

Advanced manufacturing has taken major strides in China, and no company better represents this progress than Caterpillar. On 26 March, as part of our ongoing tour series, AmCham Tianjin invited members on an exclusive tour of Caterpillar's new Tianjin factory.

Now entering its pilot production process, Caterpillar finished construction of the new facility in 2013. The factory represents CAT's largest Asia-Pacific investment and an important driver of regional production capacity. The tour was a great opportunity to learn about the business culture driving Caterpillar, and new advanced manufacturing techniques used by the MNC.



"Caterpillar is a famous company globally in the heavy machinery industry," said Helen Liu, HR Director of Fitesa (China) Airlaid Co. "Through the factory tour, we saw how they set up their new facility in China, and have a better understanding of their business model and scope- both globally and in the China region. This was helpful for member companies seeking new business opportunities."

AmCham Tianjin's company tours have been a huge success, allowing member companies to interact and learn from one another. As a member-centric organisation, AmCham has devoted itself to the sharing of knowledge and the building of inter-company relationships. Tour events help members to build these relationships and share best practices amongst one another. This sentiment is echoed by Martin Winchell, chairman of AmCham China's Tianjin chapter.

"One advantage of being an AmCham member is learning from follow member companies. Touring the new Caterpillar facility demonstrated the complexity of starting a new facility but also how far China has come in developing advanced manufacturing processes," Winchell said. "My personal thank you to Sean Cao and the rest of the Caterpillar team for the great event."

AmCham Tianjin has a number of tours planned in the near future. Stay tuned for these and more events coming soon.

## Upcoming Events:

7:15-9:00 AM, 9 May: 2014 Spring Property Market Update, The Ritz-Carlton, Tianjin

7:15-9:00 AM, 15 May: Tianjin Monthly Executive Breakfast Briefing, The Ritz-Carlton, Tianjin

8:45 AM-5:00 PM, 16 May: Skills Training - Writing for Results, Renaissance Tianjin Lakeview Hotel

10:00 AM-8:00 PM, 24 May: AmCham China, Tianjin and BT Eagle Group Thirteenth Annual Charity Golf Tournament

12:00-2:00 PM, 29 May: Tianjin Monthly Women's Professional Committee (WPC) Executive Lunch, Venue TBD

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



# Chamber Reports

## Past Events:

### Day of Logistics 2014:

#### Visit to the E-Commerce Logistics Park in Wuqing

10 April 2014

On the "Day of Logistics", more than 400 events took place worldwide in cooperation with companies, institutes and universities. In its 7th year, the Day of Logistics was organised on 10 April 2014.

The German Chamber of Commerce, in cooperation with the BVL, the German Logistics Association, took its members to visit the warehouse logistics site of the Beijing Jiuxian E-Commerce Co., Ltd. in the E-Commerce Logistics Park in Wuqing.

Jiuxianwang is China's largest integrated online alcohol retailer and offered German Chamber members a deep insight into the wide variety of logistic activities of an online retailer.



### Inter-chamber Breakfast Seminar: Risk Management and Business Insurance

11 April 2014

To avoid financial problems, businesses need to prepare themselves to be protected from various risks such as uncertainties in financial markets, threats from project failures, legal liabilities, credit risks, accidents or natural disasters. The German Chamber, in cooperation with the European Chamber, invited Mr. Thomas Hai, supervisor of the business development division of Aioi Nissay Dowa Insurance (China) Co., Ltd. to explain the potential business risks for companies and how to protect their businesses against these risks.



### GM Roundtable – Sales and Marketing in China

14 April 2014

The German Chamber's GM Roundtable is an event that aims to serve as a platform for General Managers to come together, openly discuss current issues and share experiences. This GM Roundtable focused on sales and marketing strategies in China and discussed the management and development of sales personnel, current challenges for German companies and Sino-German differences in this sector.



## Upcoming Events:

6 May 2014: Seminar – Importing to China, German Chamber Tianjin Office

17 May 2014: German Night in Tianjin, Drei Kronen 1308 Brauhaus Tianjin

20 May 2014: Biz Socializer – InterChamber Business Networking, Hotel Nikko Tianjin

28 May 2014: Kammerstammtisch Tianjin, Drei Kronen 1308 Brauhaus Tianjin

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Past Events



Past Events



# Brazilian Community Lunch Celebration in Tianjin Aulare, 13 April 2014





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**09**  
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**China (Tianjin) International older industries Expo**  
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May 9-13



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FRI  
星期五

**Tianjin Overseas Investment & Immigration Fair**  
天津海外投资留学移民展  
Tianjin Meijiang International Convention & Exhibition Center  
天津梅江国际会展中心  
+86 10 5624 9559  
May 9-13



**14**  
WED  
星期三

**17th Beijing High-Tech Expo - Marine Maritime Exhibition**  
北京第17届科博会—海洋海事展  
China International Exhibition Center  
中国国际展览中心  
+86 10 57290587

**15**  
THU  
星期四

**CIIC Expo**  
2014中国上海国际信息通信展览会  
Shanghai World Expo Exhibition & Convention Center  
上海世博展览馆  
+86 21 3638 8562  
May 15-17

Editor's pick

**15**  
THU  
星期四

**TICC Coffee Morning**  
TICC早午餐  
Aulare  
艾伊莎贝西餐厅  
10:30  
http://tianjin.weebly.com/



**16**  
FRI  
星期五

**China Tea Expo 2014**  
2014中国(上海)国际茶业博览会  
Shanghai World Expo Exhibition & Convention Center  
上海世博展览馆  
+86 21 3638 8562  
May 16-19



**Special Days**

1 May	Labour's Day	11 May	Mother's Day
5 May	China's Youth Day		

**20**  
TUE  
星期二

**9th China (Beijing) Food & Beverage Expo**  
第九届中国(北京)餐饮·食品博览会  
Beijing Exhibition Center  
北京展览馆  
+86 10 8779 8057



**21**  
WED  
星期三

**The 7th China International Logistics Expo 2014**  
2014第七届中国国际物流博览会  
China International Exhibition Center  
中国国际展览中心  
+86 10 5228 3415

**22**  
THU  
星期四

**TICC Monthly Lunch**  
The Westin Tianjin  
天津君隆威斯汀酒店  
11:30 - 13:00  
http://tianjin.weebly.com/

**23**  
FRI  
星期五

**9th Tianjin International Mahogany Antique Furniture Exhibition 2014**  
2014第九届天津国际红木古典家具展览会  
Tianjin International Convention & Exhibition Center  
天津国际会展中心  
+86 22 8370 1182 / 8370 1223  
May 23-26



**24**  
SAT  
星期六

**TICC Beijing Trip**  
TICC北京旅行  
Waterfront Mansion Guard House  
Pizza Hill | Magnetic Capital  
07:30  
¥ 100 (Adults)  
50 (Child under 12 years)  
ticc\_09@hotmail.com

**26**  
MON  
星期一

**China (Beijing) International Stationery & Office Supplies Exhibition**  
中国(北京)国际文具及办公用品展览会  
China International Exhibition Center  
中国国际展览中心  
+86 10 5228 3415  
May 26-28

**31**  
SAT  
星期六

**TICC SPRING BALL**  
**The Oscars Meets Las Vegas**  
Casino Table Games and many other surprises  
All Proceeds Donate to ICCO  
The St. Regis Tianjin Hotel  
天津瑞吉金融街酒店  
17:30 Cocktail 18:30 Dinner  
¥ 600 CNY per person  
Book your ticket early!  
ticc\_09@hotmail.com





## Permanent Residency Permit

lǜ kǎ  
"绿卡"



The State Administration of Foreign Expert Affairs recently announced that  
guó jiā wài guó zhuān jiā jú jìn rì biǎo shì,  
国家外国专家局近日表示，

China would try to make the process of obtaining a residency permit  
yǒu guān bù mén zhèng zài yán jiū xiū gǎi wán shàn "lǜ kǎ" bān fā hé guǎn lǐ bàn fǎ,  
有关部门正在研究修改完善“绿卡”颁发和管理办法，

much less complicated.  
shǐ zhī gèng wéi jiǎn huà.  
使之更为简化。

China is looking to acquire elite foreign talent to stay within the country for extended periods of time.  
ràng yuàn yì zài zhōng guó cháng qī gōng zuò de wài guó gāo duān dì rén cái néng gèng jiā biàn lì.  
让愿意在中国长期工作的外国高端的人才能更加便利。

Zhang Jiangguo, the head of the State Administration of Foreign Expert Affairs  
zhōng guó wài guó zhuān jiā jú fù zé rén zhāng jiàn guó jìn qī biǎo shì,  
中国外国专家局负责人张建国近期表示，

recently announced that China would be fine-tuning the process for applying for permanent residency,  
zhōng guó jiāng wēi diào shēn qǐng lǜ kǎ de chéng xù,  
中国将微调申请“绿卡”的程序，

making it easier for foreigners to apply.  
ràng wài guó rén gēng róng yì shēn qǐng dào "lǜ kǎ".  
让外国人更容易申请到“绿卡”。

So far, only 6,000 expats in China have received permanent residency,  
dào mù qián wéi zhǐ, zhǐ yǒu 6000 wài jí rén shì zài zhōng guó dé dào le yǒng jiǔ jū liú quán,  
到目前为止，只有6000外籍人士在中国得到了永久居留权，

1,202 of which were granted last year.  
qí zhōng 1202 shì qù nián shòu yǔ.  
其中1202是去年授予。

Taking into consideration the 500,000 foreigners currently residing in Beijing alone,  
zhè yǔ mù qián dú jū zài běi jīng de 500,000 gè wài guó rén xiāng bǐ,  
这与目前独居在北京的50,000个外国人相比，

it is a relatively small amount.  
shì yí gè xiāng duì jiǎo xiǎo de shù liàng.  
是一个相对较小的数量。

This simplified process is just the latest step in the county's plan to employ foreign talent:  
zhè gè jiǎn huà chéng xù zhǐ shì guó jiā jì huà pìn yòng wài guó rén cái de dì yī bù:  
这个简化程序只是国家计划聘用外国人才的第一步：

last year, the R Visa was introduced for foreign experts whose skills are urgently needed in China,  
qù nián, R zì qiān zhèng de bān bù wéi nài xiē zhōng guó pò qiè xū yào de,  
去年，R字签证的颁布为那些中国迫切需要的，  
wài guó zhuān jiā tí gōng le biàn jié,  
外国专家提供了便捷，

such as expertise in environmental pollution.  
bǐ rú huán jìng wū rǎn fāng miàn de zhuān jiā.  
比如环境污染方面的专家。



If you encounter any problems learning Chinese, please send us an email at  
bizclass@businesstianjin.com



DINING

TIANJIN

Chinese

China Station

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

Fortune Restaurant

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



Qing Wang Fu

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

Riverside Chinese Restaurant

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

Tao Li Chinese Restaurant

**A:** 6F, Hotel Nikko Tianjin No. 189, Nanjing Lu, Heping District  
**T:** +86 22 8319 8888 ext. 3561  
 桃李中餐厅  
 和平区南京路189号天津日航酒店6层

Tian Tai Xuan

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

Japanese

Benkay Japanese Dining

**A:** 5F, Hotel Nikko Tianjin, No. 189 Nanjing Lu, Heping District  
**T:** +86 22 8319 8888 ext. 3558  
 和平区南京路189号天津日航酒店5层  
 弁慶日本料理餐厅

Café Vista

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

Kasumi

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

Kushi Grill

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

Seasonal Tastes

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

Seitaro

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

SóU

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

Thai

YY Beer House

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

Western

Café@66

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

Churchill Wine & Cigar Bar

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



Aulare Latin Restaurant

**A:** Magnetic Plaza, Building A4 2-16, Binshui Xi Dao Nankai District  
**T:** +86 187 2229 0691  
**E:** tianjin@aulare.com  
 艾伊莎贝西餐厅  
 南开区滨水西道时代奥城A4座2-16号



Texas BBQ Saloon

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

Prego Italian Restaurant

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

Qba – Latin Bar & Grill

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



Bistro Thonet

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



Brasserie Flo Tianjin

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

1863 Bistro & Terrace

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

Café Majestic

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

Café Venice

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

Glass House

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

Pan Shan Grill & Wine

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

Promenade Restaurant

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



DINING

Spectrum All-Day Dining

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



Mighty Deli (South Park Store)

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

Zest

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



Inasia Restaurant

(Olympic Stadium Store)  
**A:** 4F, A-Hotel, Olympics Gym, Nankai District, Tianjin 天津市南开区水滴体育馆A-Hotel四楼  
**T:** +86 22 2382 1666/2233 (Somerset Store)  
**A:** 5F, Somerest Youyi, Pingjiang Dao, Hexi District 天津市河西区平江道盛捷服务公寓5层  
**T:** +86 22 2810 7992

Bars

China Bleu

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

O'Hara's

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

The St. Regis Bar

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

Purple Bar

**A:** 2F, Radisson Blu Plaza Hotel Tianjin 66 Xinkai Road, Hedong District  
**T:** +86 22 2457 8888 - 3278  
 葡吧  
 河东区新开路66号天津天诚丽笙世嘉酒店2层

Flair

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

Education



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



Jeff's House Kindergarten

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

SERVICES

Catering Solutions



International Schools

**INTERNATIONAL SCHOOL OF TIANJIN**  
 Working Learning Acting TOGETHER  
**International School of Tianjin**  
**A:** Weishan Lu, Jinnan District  
**T:** +86 22 2859 2001  
 国际学校天津分校  
 津南区津南微山路



**Hanbridge Education**  
**A:** C4-308/309, Magnetic Capital International Office Building  
**T:** +86 22 5837 5737  
 汉桥教育  
 奥城国际写字楼C4-308/309



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

Hotels & Apartments

Hotels



**Banyan Tree Tianjin Riverside**  
**A:** No. 34, Haihe Dong Lu, Hebei District  
**T:** +86 22 5883 7848  
[www.banyantree.com](http://www.banyantree.com)  
 天津海河悦榕庄  
 河北区海河东路34号



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



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



**Holiday Inn Tianjin Aqua City**  
**A:** No.6 Jieryuan Road, Hongqiao District, Tianjin, 300121, China  
**T:** +86 22 5877 6666  
**F:** +86 22 5877 6688  
[www.holidayinn.com/tjaquacity](http://www.holidayinn.com/tjaquacity)  
 天津水游城假日酒店  
 中国天津市红桥区芥园道6号

Event Planning



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**SERVICES**

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



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



**Radisson Blu Plaza Hotel Tianjin**  
**A:** No. 66, Xinkai Lu, Hedong District  
**T:** +86 22 2457 8888  
 天津天诚丽笙世嘉酒店  
 河东区新开路66号



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



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



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



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



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



**The Astor Hotel, A Luxury Collection Hotel, Tianjin**  
**A:** No. 33, Tai'er Zhuang Lu, Heping District  
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**W:** [joneslanglasalle.com.cn](http://joneslanglasalle.com.cn)  
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**T:** +86 22 8378 8397 (English)  
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 时代奥城商业广场17座6层17号

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**International SOS Tianjin and TEDA Clinics** (Tianjin address and number here)  
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开发区第一大街86号天津滨海假日酒店11层

**Chinese**

**Wan Li Chinese Restaurant**

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**T:** +86 22 6621 8888 ext. 6750  
万丽轩中餐厅  
开发区第二大街29号天津万丽泰达酒店及会议中心2层

**Yue Chinese Restaurant**

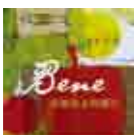
**A:** 2F, Sheraton Tianjin Binhai Hotel  
No. 50, 2nd Avenue, TEDA  
**T:** +86 22 6528 8888 ext. 6220/6222  
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**Italian**



**Bene Italian Kitchen**

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天津万丽泰达酒店及会议中心  
开发区第二大街29号



**Sheraton Tianjin Binhai Hotel**

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**TJ ~ BJS (¥55 - ¥66)**

Train	Tianjin	Beijing
C2002	06:25	06:55
C2094	22:45	23:15

**BJS ~ TJ (¥55 - ¥66)**

Train	Beijing	Tianjin
C2001	06:35	07:05
C2093	23:00	23:30

**TG ~ BJS (¥66 - ¥80)**

Train	Tanggu	Beijing
C2274	12:40	13:10
C2280	20:25	20:55

**BJS ~ TG (¥66 - ¥80)**

Train	Beijing	Tanggu
C2273	10:45	11:15
C2279	18:50	19:20

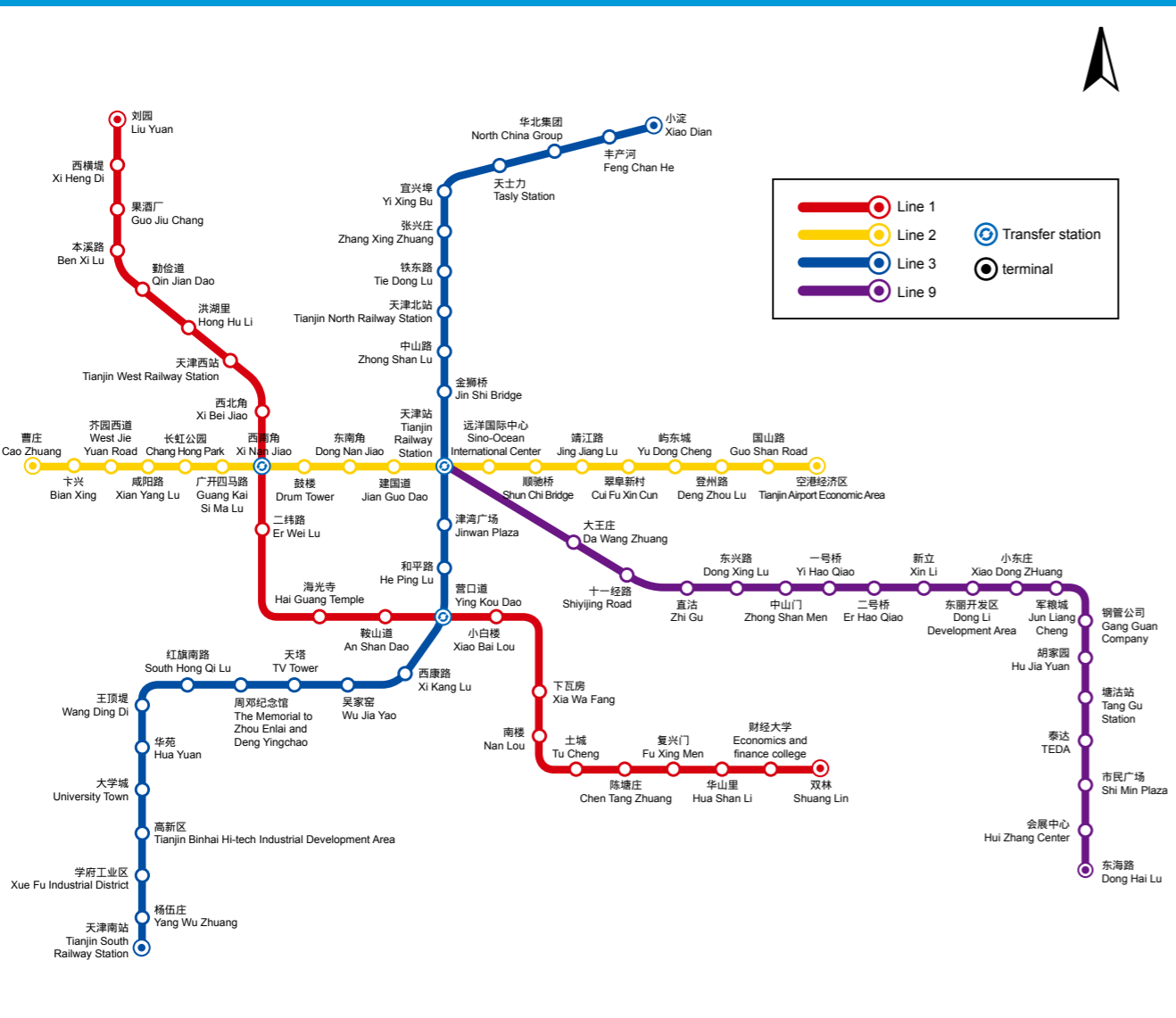
**Wuqing ~ BJS (¥39 - ¥46)**

Train	Wuqing	Beijing
C2202	06:53	07:18
C2232	20:43	21:08

**BJS ~ Wuqing (¥39 - ¥46)**

Train	Beijing	Wuqing
C2201	06:45	07:07
C2231	21:15	21:37

**TIANJIN SUBWAY**



By Sanne Jehoul

**Introducing Chinese Authors and Books**

**Eileen Chang**



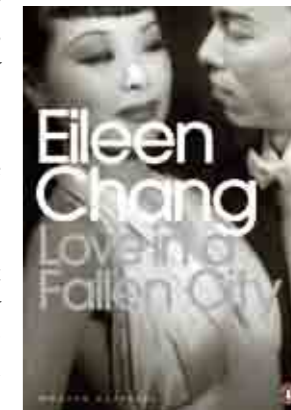
The first female author to be introduced in this series, Eileen Chang (née Zhang Ying and later also known as Zhang Ailing) was born in 1920 in Shanghai. While from a well-off background, Chang's childhood was an unhappy one – her parents divorced and she suffered physical abuse from her father, who raised her and her brother. She went on to study English Literature at the University of Hong Kong, which she had to abandon in 1941 after the Japanese invasion. Back in Shanghai, which was still occupied, she eventually published a few volumes of short stories and essays (*Romances* in 1944 and *Written on Water* in 1945) and married her first husband Hu Lancheng.

They divorced only a few years later and in 1952 Chang moved to Hong Kong to escape China's Communist rule. Whilst in Hong Kong she wrote the novels *The Rice Sprout Song* and

*Naked Earth*, which would start her career outside of China. After three years she finally immigrated to the U.S., where she married Ferdinand Reyher, who she stayed with until his death in 1967, and after plenty of temporary writer jobs became a researcher at Berkeley University in 1969.

Chang wrote anti-Communist propaganda novels for the United States Information Service, while also continuing to write fiction and non-fiction in Chinese, alongside film scripts. She did become increasingly reclusive and died alone in her home in Los Angeles in 1995.

Chang is seen as one of the most important contributors to 20th century Chinese literature, known mostly for her short fiction and essays. *Love in a Fallen City* is a collection of short stories she wrote in her twenties, combining “an unsettled, probing, utterly contemporary sensibility, keenly alert to sexual politics and psychological ambiguity, with an intense lyricism that echoes the classics of Chinese literature.” She is also known for her novella *Lust, Caution*, a story set in Shanghai during the Japanese occupation in World War II, brought to the screen by renowned director Ang Lee in 2007.



**Tianjin Exhibition**

**China House (or Porcelain House)**



On Chifeng Street in Tianjin's city centre the landmark China House makes for a fascinating and beautiful tourist attraction. Part of Tianjin's concession area, the house is an old French-style building which served both as the residence of a finance minister in the Qing dynasty, and as a bank after 1949. After being left empty for a number of years, it was bought by porcelain collector Zhang Lianzhi, who spent four years decorating the house with a mosaic of about 400 million pieces of porcelain, along with ancient chinaware, stone statues, and marble carvings before opening it to the public in 2007. Zhang used the pieces to create various stunning tableaus relating to China's culture and history.

Tickets might seem a bit expensive at 35 CNY (20 CNY concession), but the façade, courtyard, and inside decorations definitely make it worth it.

72 Chifeng Dao  
022 2314 6666  
Opening hours: 09:00 – 17:30





## Beijing Exhibition

### James Turrell – Gathered Sky

Renowned American artist James Turrell has always used light and space as the main subjects of his art, challenging our perception and experience of light. He's famous for his skyspaces, enclosed rooms for a very limited amount of people (usually about 10 or 15) in which visitors look at the sky through a square-shaped opening in the roof. The only Turrell skyspace in China has been set up at The Temple, a hotel near the Forbidden City. Gathered Sky was initially opened for a limited amount of time during Beijing Design Week in 2013, but is now accessible every Sunday until late May. Since it's highly popular and seats and times (18:30 – 20:00) are limited, advance booking is necessary via the link below. At 150 CNY it's an expensive experience, but one that is unique in China.



23 Shatan Beijie

155 1017 3028

www.thetemplehotel.com (go to Culture – Gathered Sky)

### Liu Bolin – Works On Paper



Until the 18<sup>th</sup> of May in the Hadrien de Montferrand Gallery, Liu Bolin – famous for his photo series Hiding in the City in which he camouflaged himself to match the urban settings he posed in – has his sketches on display, offering insight into his body of work and his involvement with the paper medium. More than 40 drawings and paintings, notebook excerpts and studies for sculpture projects are shown alongside photographs displaying his continuing fascination with the city.

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www.hdemontferrand.com

Tuesday to Sunday, 11:00 – 18:00

## Quote of the Month

### A very short crime story.

**“It’s very hard to live in a studio apartment in San Jose with a man who’s learning to play the violin.” That’s what she told the police when she handed them the empty revolver.**

*Richard Brautigan, American author (1935 – 1984)*



# The Frustration of Mystery

By Ben Hoskins



**W**e live in a world in which video chat is possible on two different continents, more information may be consumed in one day than might have been consumed in a lifetime a few centuries ago, and anything one could want or need is thought to be considered immediately available via the smartphone in our hand. Machines construct skyscrapers that reach to the sky, governments can listen to phone calls and know everything about you, and some individuals even claim to know how the universe started.

And yet, despite all of man’s advances, sometimes we are reminded that we can’t do everything, and despite catchy slogans that tell us “anything is possible”, sometimes we, in fact, do find some things to be very impossible. Even with 26 nations utilising every means possible, and having extremely advanced technology like deep seafloor detection systems and space-age

satellite imagery, the jumbo jet that was MH370 has remained elusive.

The disappearance of the jet seemed to surprise many people. How can a giant airplane simply disappear? No contact, no information, just vanished. And it can never be found? All of these countries working together, all of this technology, and not only has the plane disappeared, but we had trouble even deciding where to look. Seeing how technology has made our world so small, most of us now fail to realise just how big our world actually is, especially the vast oceans where MH370 likely is.

You have heard all of the facts, as well the theories: it was an accident, it was hijacked, it landed in Kazakhstan, it flew to Pakistan, it flew south, the pilots deliberately took the plane off course, there was a struggle in the cockpit with terrorists, and so on and so on. After narrowing the search zone to the Southern Indian Ocean and sending out scores of search

crews, on 24 March the Malaysian government eventually declared the flight to have gone down and it was assumed “beyond reasonable doubt” that there are no survivors. In the absence of any concrete evidence, this announcement failed to appease the friends and family of the passengers and crew, creating even more controversy. The truth is that no one knows, and it may be quite some time, if ever, that anyone really knows what happened. This gnaws at us. While we love mysteries, as evidenced by the amount of attention this story has received, we hate unsolved ones.

There were many passengers on that flight from right here in Tianjin. 20 employees of Texas based Freescale Semiconductor were travelling back to China on MH370, 12 from Malaysia and 8 from China. And they were, in fact, related to one of the numerous conspiracy theories, with some noting that Free scale specialises in making high-tech cloaking capability, making



## Last Word

an aircraft invisible to radar, and the high number of employees on that plane apparently made it more than a coincidence.

And yet, while most of us watch this story unfold from afar, intrigued, even fascinated, by the conspiracy theories and endless possibilities, the reality is that there is a human element to this. And no matter how credible or outlandish some of these theories are, for those that are touched by this incident in a personal way, it is a devastating tragedy. 239 people were on that flight, and they were husbands, wives, brothers, daughters, mothers, co-workers, neighbours, best friends, etc. For those who knew someone on that flight, the unknown that may fascinate most of us has left them in agonizing limbo, unable to properly go through the grieving process because of that unknown.

Most of us live day-to-day, consumed with whatever it is that consumes us: our jobs, our hobbies, families, etc. It's likely most of us get on a plane confident that it will arrive at its destination, and we usually don't think too much about the what-ifs. Living in fear is certainly no way to live, but the reality is that all it takes is one phone call to turn our lives upside down. Even when MH370 was delayed, those waiting at Beijing

Capital International Airport had no idea this would happen. And yet their lives will never be the same.

We tend to think we are invincible. We may not say it out loud, but we never assume the tragedies we see in the news will be us or someone we know. But these things happen, and

**There were many passengers on that flight from right here in Tianjin. 20 employees of Texas based Freescale Semiconductor were travelling back to China on MH370, 12 from Malaysia and 8 from China.**

they happen to real people, and they affect real families, and no amount of technology, or advanced knowledge will keep them from happening. For all of the advances we have seen in our world, and to be sure, we have seen a lot, we still encounter and experience the same tragedy,

disappointment, and suffering as at any point in history. MH370 reminds us of that. The unexpected, even bizarre, happened, and on top of that no one knew why. Answers eluded everyone, and frustration and angst mounted as the days wore on.

Maybe the plane will be found, and the world will know exactly what happened. Maybe the plane will never be found, and there will always be mystery. For most of us, we'll move on to another story, and this news will be a footnote in history. But for those involved: the families, the friends, the co-workers of those lost, as well as for the officials and those responsible for finding answers who felt increasing pressure to produce those answers for a demanding world, this will never go away.

For those connected to the lost passengers and crew, the initial shock and disbelief gave way to mounting frustration as a different story emerged every day, never really providing any answers, and only leaving them with more questions. How do you grieve someone's death when you don't even know if he is dead? How do you direct your emotions when you have no idea what happened? How do you move on when so many possibilities still exist? For them, the state-of-the-art technology and the modern day advances we celebrate mean nothing.

It's possible that the tragedy of MH370 will lead to aviation changes and even more advances in technology. If so, we celebrate those changes and advances. But maybe what it should really lead to is a genuine acknowledgement that we don't have all the answers and we should in humility admit the realities of living in a broken world. Let us be grateful for today and the air we breathe, and may we love those close to us in a way that lets them know how important they are to us, recognising that we don't know what tomorrow will bring. **E**



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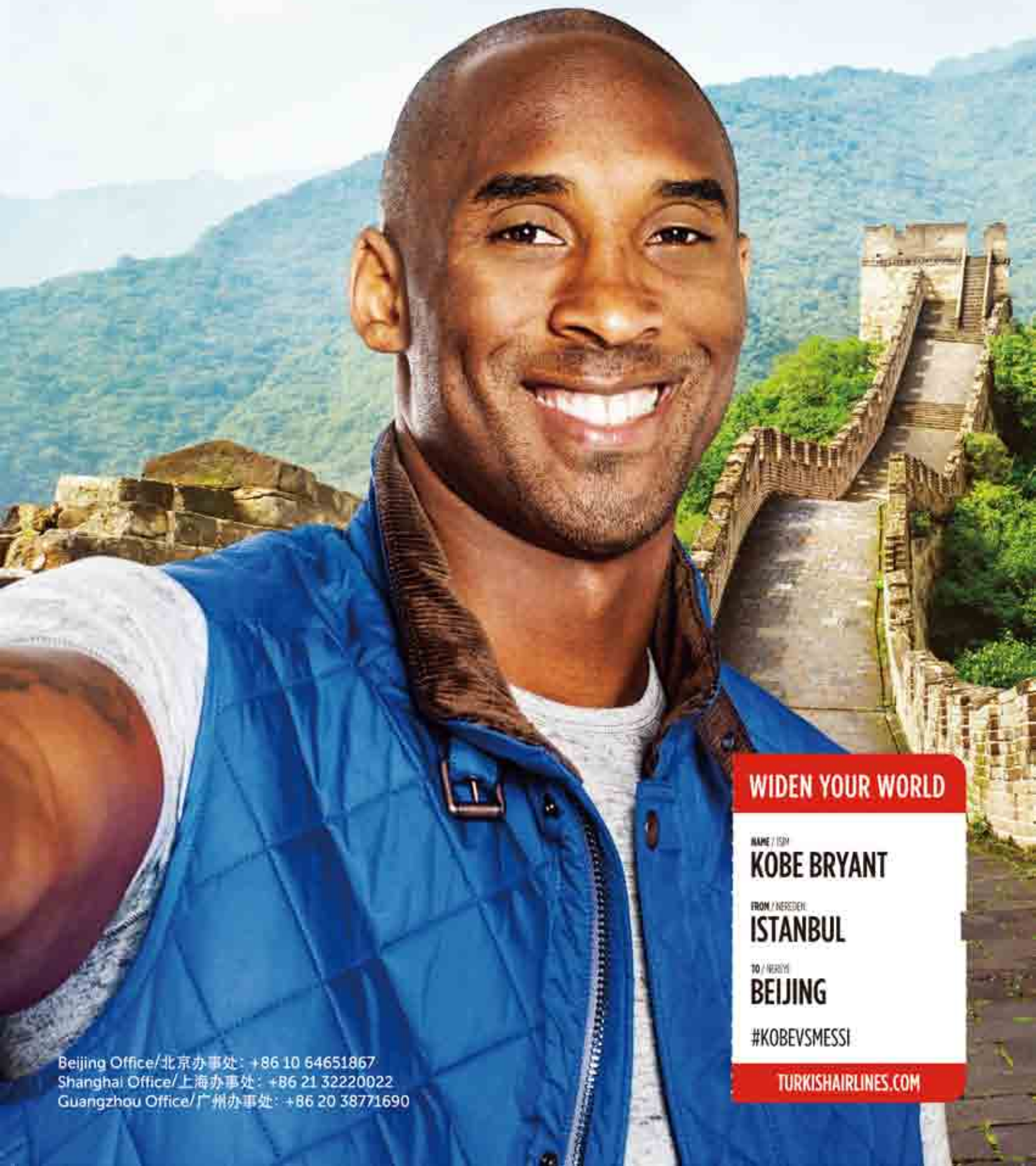


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