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Dear Readers,

Since its foundation Wellington College China has established schools and kindergartens in Tianjin, Shanghai and Hangzhou to provide education for children aged three to eighteen, and is recognised as one of the most influential international education groups in China and beyond.

We interact this month with Peter Randall, Director of Marketing and Admissions of Wellington College International Tianjin, and congratulate him for the recent celebration of the 10th anniversary of Wellington College China, and ask him about the most remarkable memories of these past 10 years.

Wellington College is one of the most highly regarded schools in the United Kingdom and also one of its greatest educational institutions, providing pioneering, innovative and transforming education for girls and boys. This vibrant and popular co-educational day and boarding school has reached new heights in today’s rapidly changing and interconnected world.

In 2013, Schlote Group opened their first production site outside Europe in Tianjin, a modern and innovative production site for transmission components. Schlote Automotive Parts (Tianjin) Co., Ltd. currently employs almost 300 people, and has several important, such as BMW, Volkswagen and ZF AG. On 3rd of September, 2019, was successfully held the opening ceremony of Phase II & R&D Centre, and Business Tianjin Magazine was honoured to interview Mr. Jürgen Schlote, CEO of Schlote Group, on the topic of Schlote Group’s development strategy in China.

External pressures are mounting against the Chinese economy. Those are mainly represented by the trade war and global growth slowdown. Future growth in the Chinese economy will depend on how much the economy can move from being exports-driven to self-reliant. The government is trying to stem the decline. You can get more details in our economy column.

Visit our website www.businessstianjin.com and follow us on our official Wechat account (ID: business_tianjin) for a complete list of articles and information.

Mary Smith
Managing Editor | Business Tianjin Magazine
managingeditor@businessstianjin.com

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**Business Tianjin**
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**Tianjin News**

**NHS INDUCTION CEREMONY @ TEDA GLOBAL ACADEMY**

Teda Global Academy students earned prestigious awards for their hard work on Thursday, September 5th, during the school’s National Honour Society induction ceremony. Students took part in the annual event held in the school’s activity center. The TGA Chapter welcomed 6 new members this year, only one senior. The evening began with NHS member and emcee, Rebecca Pare, delivering introductory remarks. She said National Honour Society members were proud of the chapter’s history of community service and academic success. Followed by headmaster, Mr Timothy Warren. Mr Warren’s remarks warmed hearts, as he congratulated the inductees on their accomplishment.

**STARBUCKS OPENS RESERVE LOCATION IN TIANJIN**

Starbucks opened a flagship Reserve store in Tianjin, which was built inside a Renaissance-era heritage building dating back to 1921. The Starbucks Reserve Riverside 66 Tianjin flagship store combines history with an entirely modern third-place experience for the brand’s customers. The new store marks the first in the city to feature a Starbucks Bar Mixato and Starbucks Reserve offer. The building, located on the city’s main commercial street, was designed by Shen Lijuan, who was among the first Chinese architects to study overseas. It housed the Zhejiang Yixing Bank until the early 1950s, a symbol of the city’s economic prosperity and development.

The area is expected to have quality 5G network coverage with 4,500 base stations by 2022. The Sino-Singapore Tianjin Eco-City, located in the area, has been rapidly developing in the application and promotion of 5G technology and is expected to be fully covered by the 5G network by the end of this year. Binhai New area will boost the industry application and is expected to have more than 20 demonstration application scenarios of 5G technology by 2020 and over 50 by 2022, according to sources with local authorities.

**Finance**

**U.S. IMPOSSIBLE FOODS EYES CHINESE DINING TABLE FOR FAUX MEATS**

After the stunning architecture of the new Binhai Library in Tianjin hit social media last year, another eye-catching new structure, the Binhai Science and Technology Museum, nicknamed the “giant copper pot”, opens on October 1st and is expected to become another landmark in the coastal city. The museum itself is 32,000 square metres, while the exhibition area will include 17,000 square metres. As the museum was built on the site of an old factory, it imparts a strong flavour of the post-industrial era. The museum will provide state-of-the-art intelligence technologies, the 4D cinema will give visitors the feeling that they are entering another planet.

**BINGHAI NEW AREA TO HAVE FULL 5G NETWORK COVERAGE BY 2020**

The Binhai New Area in Tianjin is expected to basically achieve full 5G network coverage by 2020, with 2,400 5G base stations in operation. 2,400 5G base stations in operation. The area is expected to have quality 5G network coverage with 4,500 base stations by 2022. The Sino-Singapore Tianjin Eco-City, located in the area, has been rapidly developing in the application and promotion of 5G technology and is expected to be fully covered by the 5G network by the end of this year. Binhai New area will boost the industry application and is expected to have more than 20 demonstration application scenarios of 5G technology by 2020 and over 50 by 2022, according to sources with local authorities.

**ALIBABA BUYS E-COMMERCE BUSINESS NETEASEKOLA FOR $2 BILLION**

Alibaba said it will acquire a cross-border e-commerce business unit, Kaola, from the Nasdaq-listed Chinese internet company NetEase for about $2 billion. Kaola sells imported products in China that include clothes, consumer electronics, and sports accessories. It is one of the biggest Chinese e-commerce sites focused on selling imported goods in the country, alongside Alibaba’s Tmall Global and JD.com’s 2D Worldwide. Alibaba said it plans for Kaola to continue operating independently under its current brand, but it will have a new leader at the helm. Tmall Import and Export General Manager, Alvin Liu, will take over as CEO. With Tmall Global and Kaola, Alibaba will have a massive market presence in the cross-border e-commerce sector.

**CHINA’S DAIRY COMPANY TO BUY AUSTRALIAN BABY FORMULA MAKER BELLAMY’S FOR $1 BILLION**

One of China’s biggest dairy companies is gearing up for a massive takeover of an Australian baby formula maker. Mengniu Dairy has offered 1.5 billion Australian dollars ($1 billion) to buy infant formula maker Bellamy’s Australia, the companies said on Monday. Bellamy’s said its board had unanimously recommended shareholders vote to accept the all-cash bid, which represented a 59% premium to the company’s closing price on Friday. Earlier this year, China’s top economic planning body said it wants domestic production of baby formula to be above 60% within three years. Domestic infant and toddler milk formula accounted for about 44% of the market in 2018, according to data analytics company Nielsen.

**AIRLINE MARKET RAPIDLY EXPANDS IN CHINA**

Chinese carriers will need 8,090 new airplanes in the next 20 years, worth nearly $1.3 trillion, to meet rapidly growing airplane passenger traffic in the country, which is expected to grow by 6 percent annually, US aircraft manufacturer, Boeing Co, said in Beijing on Tuesday. In the next two decades, China, the Boeing’s largest market, will need 5,960 new single-aisle airplanes, representing 74 percent of total new deliveries. Demand for wide-body airplanes is 1,780, which will triple the country’s current fleet size. In addition, China will need a significant number of regional aircraft and cargo aircraft.

**ABB STARTS BUILDING SHANGHAI ROBOTS PLANT**

Industrial tech giant, ABB, started construction on its newest robotics plant in Kangqiao, Pudong New Area. The plant will cover 67,000 square metres, and involves a total investment of 1.06 billion yuan (US$150 million). It is expected to open in early 2021. ABB currently has robotics plants in Sweden and the US. China is the company’s second-largest market. Shortages of skilled labour and trends toward customization are expected to create further opportunities in the country, said Sami Atiya, president of ABB’s Robotics and Discrete Automation Business.

**SUING TO OPEN CARREFOUR MINI STORES**

Suning is opening home appliance mini stores inside existing Carrefour...
outlets, as a step to expand its offshore retail channel following its acquisition of an 80 percent stake in Carrefour China. A total of more than 200 mini-stores will be operational by the end of this month. Carrefour has opened 210 hypermarkets in 22 provinces since entering China in 1995, but consumer sentiment has weakened recently with the popularization of online delivery services for groceries and daily use items.

LinkedIn ranks China’s top start-ups
LinkedIn, the California-based online social network for professionals, announced its inaugural Top Start-ups List in China, hoping to showcase the outstanding performance of local companies and appeal to the country’s top talent, providing more career development and opportunities for professionals. Twenty-five domestic companies, led by Beijing Bytedance Technology Co., Didi Chuxing, Bitmain Technologies, and BYD, were ranked in the list. LinkedIn’s Top Start-ups Lists have been released simultaneously in different markets around the world for three consecutive years.

Law & Policy
Playing loud music on subway could face social credit demerits
Authorities of Kunming, capital of Yunnan Province, have announced a plan to ban passengers from playing loud music and making other noise on the subway, and those who fail to adhere will risk staring their personal social credit reports. The transportation bureau of Kunming published a draft regulation on passenger behaviour on August 20th, which said passengers are not allowed to speak loudly inside subway cars or play music out loud on their digital devices. Those who violate the rule will be penalized and demerits may be recorded on their personal social credit reports. The move aims to protect other passengers from noises and keep subway cars quiet, the draft said.

‘Social credit’ system on foreign companies
China’s new tool to monitor companies will be the most powerful on government and could put some companies out of business. The so-called corporate social credit system for companies will use real-time monitoring and processing to collect and interpret data, helping to immediately detect actions that raise or lower a company’s score. Keeping on its good side will raise compliance costs and could impact companies’ earnings, it said. When the system is fully implemented, a large global company with a significant presence in China has to deal with about 30 different ratings and compliance records based on about 300 requirements.

Shanghai is Chinese mainland’s most popular Airbnb city
Shanghai has become the most popular city on China’s mainland on Airbnb in 2019, as it “meets trendy and diversified tourism demands, especially of those millennial travelers,” Airbnb said in a report. Millennial travelers, those aged between 20 and 39, account for the third of China’s total population. They pursue different tourism experiences compared with their parents, according to the 2019 Chinese Millennial Travelers Insights Report jointly released by Airbnb and CBN Data. Shanghai, Beijing, Chengdu, Chongqing and Guangzhou are the top mainland destinations for Airbnb users this year.

With its full diversity of Chinese culinary culture, but international restaurants, as well.

General
Michelin to publish its first Beijing restaurant guide
The Red Guide will launch a new edition dedicated to Beijing, unveiling the Chinese capital’s first crop of Michelin-starred restaurants on November 28th. Michelin is spreading its empire in the Red Dragon. Beijing will finally get its own Red Guide: “Beijing’s cuisine, with its well-chosen ingredients and rich seasonings, is a jewel in the crown of Chinese and global cuisine. We hope that with this new Michelin Guide, more food lovers will come to appreciate Beijing’s abundant food culture and experience the wonderful flavours it has to offer,” said International Director for the Michelin Guides, Gwendal Poullennec. The very first edition should thus include the full diversity of Chinese culinary culture, but international restaurants, as well.

China in the world
Self-driving cars to carry passengers
Didi Chuxing has received a license to operate a fleet of self-driving cars on a pilot basis in part of the Jading district in Shanghai. Besides Didi, SAIC and BMW also received permits at the World Autonomous Vehicle Ecosystem Conference on September 16th. The license will initially allow Didi to run up to 50 self-driving cars, which can be scaled up after an incident-free first six months. However, a driver will be required to be present in the vehicle. The self-driving car will be able to transport goods, as well as passengers. Volunteers from the public, who will also be insured, will be allowed to ride in these vehicles. These lorries are a significant boost to the autonomous car industry in China. Shanghai aims to expedite the commercial launch of autonomous vehicles, and the issuance of the permits is a step in that direction. According to a McKinsey report, the autonomous vehicle market will account for 66% of total passenger kilometres in China by 2040.

In reversal, Shanghai Disneyland to allow outside food
Disney’s Shanghai theme park is loosening a ban on outside food in the wake of a lawsuit, but the home of Mickey Mouse still won’t tolerate visitors taking in instant noodles or pungent foods, such as durian. A student named Wang filed a lawsuit against Shanghai Disneyland in March after being barred from bringing in her own food, a move that garnered widespread support on Chinese social media. Disney’s rules were criticized online, as an example of double standards and discrimination against Asians, since its theme parks in Europe and the United States allow visitors to bring in outside edible items.

Restaurant inside an old Long March rocket opens in Hangzhou
A restaurant consisting of all the recovered stages of a Long March 2 rocket opens in Hangzhou. This particular Long March 2 was used to carry into space a module for Tiangong-2 space laboratory and the Shenzhou 11 spacecraft with astronauts Jing Haipeng and Chen Dong on board in October, 2016. The fairings for rocket’s boosters and other stages are being turned into dining rooms of the new restaurant, according to the post. “Will they serve food eaten in space by astronauts in the restaurant?” a netizen asked “If so, I am definitely in.”

Spicy Chongqing hotpot lollipops went viral
Lollipops with a spicy Chongqing hotpot flavour went viral online after Alibaba founder, Jack Ma, tasted it at a fair in Hangzhou on Sept. 14th, 2019. This snack, created by a Chongqing hotpot chain Pejie Hotpot, has three flavours from mild, medium to strong. At 30 yuan per piece, the lollipops quickly sold out at the fair hosted by the Taobao Maker Festival in Hangzhou, East China’s Zhejiang Province.

ICE PANDA MASCOT TO PROMOTE 2022 WINTER GAMES
Beijing has released its mascot for the 2022 Olympic Winter Games – a smiling giant panda wearing a suit made to resemble ice. The panda is named Bing Dwen Dwen – in Mandarin, "bing" means ice and "dwen" means robust and lively. The mascot also looks like an astronaut, which was no accident, according to a statement from the International Olympic Committee (IOC). Beijing also revealed the mascot for the Paralympics, a lantern child called “Shuey Rhon Rhon” whose name represents “warmth, friendship, courage and perseverance.”

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Chinese Millennial Travelers Insights Report jointly released by Airbnb and CBN Data. Shanghai, Beijing, Chengdu, Chongqing and Guangzhou are the top mainland destinations for Airbnb users this year.

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There are several key points to note in this document:

1. **Economy**
   - The US trade policy is having a negative effect on both economies.
   - Markets were exuberant on the news of a breakthrough in talks.
   - China prefers those issues to be non-trade, such as geopolitical.

2. **Producer Prices for the Industrial Sector**
   - The year-on-year increase was 2.8% in urban areas and 3.1% in rural ones.
   - Consumer prices increased by 1.1%.
   - The consumer price index showed a decline of 0.8% in August.

3. **Conclusions**
   - The government is trying to stem the decline.
   - External pressures are mounting against the Chinese economy.
   - The markets have witnessed a relief recently with positive news regarding the trade war between the US and China.
Joy Qiao, Founder and Chair of Governors of Wellington College China (WCC), addressed all staff on 10th Anniversary celebrations stating:

"International education and bilingual education have developed prosperously in China in the last decade from 2009 till 2019. From the first year to the tenth year, our original intention and aspiration that we are going to provide the best quality education have never changed!"

Wellington College in England was founded by Queen Victoria in 1859 as a national monument to Britain’s greatest military figure, the Duke of Wellington, who also served the country with distinction twice as Prime Minister. 160 years later, Wellington College is one of the most highly regarded schools in the United Kingdom and also one of its greatest educational institutions, providing pioneering, innovative and transforming education for girls and boys. This vibrant and popular co-educational day and boarding school has reached new heights in today’s rapidly changing and interconnected world.

Since its foundation Wellington College China has established schools and kindergartens in Tianjin, Shanghai and Hangzhou to provide education for children aged three to eighteen, and is recognised as one of the most influential international education groups in China and beyond.
Taking “Inspired, Intellectual, Independent, Individual and Inclusive” as the Wellington identity, “Courage, Respect, Integrity, Kindness, Responsibility” as the core values, Wellington College China aspires to create a caring, learning community that develops well-rounded individuals who can thrive within an ever-changing world. Upholding the concept of “Holistic Education”, WCC provides world-class facilities and faculty team, designed curriculum setting, teaching guidance, family-school communication, so as to care for all aspects of pupils’ growth with the pupil-centred ethos.

Pupils from WCC have achieved great performance in academic results and university admissions. Among all of our graduates in Tianjin and Shanghai, nearly 20% of them are going to the world’s top 20 universities and more than 40% to top 50 universities. The average IB score for Wellington College International Shanghai pupils in 2019 has risen up to 36.6 points (against the global average of 29 points) and 72% of all IGCSE grades being A*-A, and in Tianjin 34% of pupils attained A*-A grades at A-Level in 2019 and 62% achieved A*-A grades in IGCSE in 2019.

At WCC, we respect, understand and support cultural diversity, and strive to create an equal, inclusive and mutually respectful atmosphere in schools for employees, pupils and parents with different nationalities and backgrounds.

The cross-cultural communication between Chinese and foreign employees has always been well underway, while school-family partnership has been effectively strengthened, and parents cooperate with WCC schools to help increase children’s engagement and wellbeing in school life together. Among all kinds of events like sports competitions, dramas, festival celebrations and charity activities, great contributions have been made the WCC community by committee members from Friends of Wellington and Friends of Huili along with other parents from WCC schools, and tens of thousands of pupils, teachers and parents have organized or attended all sorts of school-family events every year.

Competitive salary and welfare system, continuous promotion and training planning and the people-centred, realistic, pragmatic and innovative culture, ensure WCC schools’ staff turnover rate of 8.7% which is significantly lower than the norm in the market of 20%, and nearly 90% of employees highly agree they are proud to work for WCC.

WCC is committed to ensuring staff are supported with high quality and impactful professional learning. Founded in 2018, Huili Institute of Learning focuses on structured training for teachers and contextually relevant research in order to allow education across the group to be world leading. The IoL also engages in projects with Chinese education systems and international leaders in education; for instance:

- Shanghai Municipality Education Commission’s research programme into a comparative analysis of leadership in Chinese, bilingual and international schools
- Pudong Wellington Curriculum and Research Alliance with the support from Shanghai Pudong New Area Education Bureau
- Initial Teacher Education (ITE) programmes with Durham University
- Inspiring Learning Conferences and series of workshops which have also won the industry’s praises

Held in every April, the Festival of Education of Wellington College China has become the annual landmark event in the international education industry, and thousands of people attend in different cities like Shanghai, Hangzhou and Tianjin, discussing topics of “Early Years Focus”, “Wellbeing”, “East-West education: A Developing Romance”, “Exploring Education” and “Multilingualism” Serving as an open platform, WCC’s Festival of Education connects experts with parents and teachers, lets worldwide educators know each other, and encourages people to think together about education for future generations.

A Chinese saying goes: it takes 10 years to grow a tree, 100 years to form a good education. We look back to the past 10 years’ achievements with great pride, but at the same time we know we’ve only just embarked on the long and exciting journey of building the world’s best bilingual education group.

Thank you for all your devotion and let’s look forward to our next 10 years. Together we will achieve amazing things.

Joy Qiao
Founder and Chair of Governors
Wellington College China
Interview with Peter Randall
Director of Marketing and Admissions

How has Wellington College China celebrated such an important milestone and what are the other important activities planned for this academic year? We held a week of celebrations across the group in our schools in Tianjin, Shanghai and Hangzhou. All schools presented awards for our 5- and 10-year service staff. Two of the most memorable highlights of the week were our senior leaders serving a traditional Tianjin breakfast to over 200 staff; later in the week, our pupils and staff helped to bury a time capsule. The time capsule has been set in the grounds of the school, under supervision of our eager Year 3 pupils, where it will remain buried until 2034.

Of course, we would not be here without the vision of our founder and Chair of Governors, Ms Joy Qiao, whose passion for education and the teaching of our young people is still as vital today as it was in 2009 when Wellington College China was established.

Some upcoming activities this term will be the much-loved cantata Carmina Burana in the Tianjin Concert Hall on 17th October. Our school choir will perform with the Tianjin Symphony orchestra in a not-to-be-missed concert. In the same week, we host the Festival of Higher Education which will see over 60 top tier universities from around the world visit our school. This is an open event for all international and local schools pupils and parents who would like to meet with the school’s admissions’ officers and find out about the opportunities of some of the most famous universities in the world.

As Mrs. Joy Qiao says: “It takes 10 years to grow a tree, 100 years to form a good learning environment; facilities; and resources. Our pupils and their parents know that the school is still growing and improving yearly and that we are still in the very initial stages of our work.”

What do you consider as the hardest challenge you’ve had to face in your current role and how were you able to overcome it?

I don’t think we have a hardest challenge per se, but as I mentioned earlier, I do believe one of the main challenges is for parents. I find more often than not it is the children that settle in quickly with parents often needing to catch up. They say marriage and moving are two of the most stressful times in one’s life. Well, combine that with moving to a new city, country, job or school environment, then add in the inevitable language barrier or cultural friction and this can be a formula for difficulties.

It is very important to me and the school that families fully settle into their new environment quickly and seamlessly. Whether families are arriving from other cities, countries or another school system, having easy access to information, introductions to our parent groups and the buddy system for our pupils all help to smooth the transition to Tianjin and school life.

What top advice can you give to parents that would like to enrol their children in Wellington College International Tianjin?

Whatever city or country you are moving to, do your research beforehand. Look at all aspects of teaching and learning and what each school has to offer. Don’t make a final decision until you have seen the schools and talked with the staff and teachers and taken that all important tour. It is important that you feel comfortable as well as you will be active partner with the school both educationally and socially.

I have met many parents over the years who chose a school based on the website and maybe a short briefing from their employer but on arrival it did not meet their expectations. So due diligence is a must.

The aim of the group in China is to consolidate our position as a premier group of very high-performing schools and ensure the highest quality of teaching and learning; facilities; and resources. Our pupils and their parents know that the school and the group will continue to champion independent learning and cutting edge research into education, further ensuring a clear pathway to the leading universities across the globe.

Wellington College China is right now one of the best international education organizations in China, and 40% of the graduated students are going to the world’s top 50 universities. What is the reason of such tremendous success? I would have to say the educational environment and learning culture we have built up over the last few years is just right. I have seen and worked in many international schools that have been in operation for more than 25 years, and yet have not reached the maturity we have achieved in just over 8 years. We are a school with high expectations and high performing teachers. If we combine that with pupils who are focused and determined to achieve their goals and parents who want their children to fulfil their potential, we have the main key ingredients. Add in the very experienced university guidance team and the specialized tutoring programme and you have a recipe for success.

What do you consider as the hardest challenge you’ve had to face in your current role and how were you able to overcome it?

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What do you consider as the hardest challenge you’ve had to face in your current role and how were you able to overcome it?

I don’t think we have a hardest challenge per se, but as I mentioned earlier, I do believe one of the main challenges is for parents. I find more often than not it is the children that settle in quickly with parents often needing to catch up. They say marriage and moving are two of the most stressful times in one’s life. Well, combine that with moving to a new city, country, job or school environment, then add in the inevitable language barrier or cultural friction and this can be a formula for difficulties.

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音乐及体育等方面的表现也十分出色，天赋与潜能得以充分发展。而 IGCSE 成绩 A-A* 比例高达 72%; 天津校区的 2019 年 A LEVEL 成绩 A-A* 再创新高达 36.6 分 (全球考生平均分为 29 分) , 实现连续三年持续稳步上涨, 入 QS 世界排名 Top50 的名校。上海校区全体毕业生的 2019 年 IB 平均分中, 近 20% 的学生升入 QS 世界排名 Top20 的名校, 超过 40% 的学生升

在学术与升学方面, 惠灵顿学子表现优异。2019 年天津和上海校区毕业生

的校园环境。

同国籍、不同背景的员工们、孩子们、家长们创设了平等、包容、互相尊

在惠灵顿(中国)这样的环境中, 我们尊重、理解与支持多元文化, 为不同国籍的学校老师、独特的学院制系统、节日文化庆祝、艺术活动等, 都在学子理解与包容多元文化、进行跨文化交流的能力, 成长为真正的未来领袖。一方面, 我们将“包容”纳入校训, 将“尊重”列为价值观, 希望培养惠灵顿学子的国际视野与多元文化, 进行跨文化交流的理解, 成为真正具有领导力的未来公民。不同的学科与专业, 独特的学院制系统, 平等的沟通方式、艺术活动等, 都在潜移默化地锻炼学生们跨文化交流能力。英国惠灵顿的幸福关怀课程, 则在注重内部员工培训发展的同时, 惠灵顿(中国)还将视线投向行业内的

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Findings from the National Health and Family Planning Commission reported that

The 2019 Summer Medical Beauty Report app noted that people born between

Shanghai shown improvement in adhering to compulsory garbage sorting and
ing this demographic is influenced by

The future of China's animated film industry is growing. China Youth Daily’s

The 2019 Summer Medical Beauty Report app noted that people born between

62 percent suggested enhancing animation training capacity by 800 million
tons a year by the end of 2020.
STRONGEST FIELD IN HISTORY
TO COMPETE IN 2019 TIANJIN OPEN

With several days to go until the sixth edition of the Tianjin Open, the organization committee announced that its 2019 line-up will feature a star-studded cast with five Grand Slam champions among 19 of the world’s top 50 players competing for USD500,000 in prize money at the Tianjin Tuanbo International Tennis Center.

World No.4 & 2019 Australian Open champion Naomi Osaka and seven-time Grand Slam champion Venus Williams are joined by Victoria Azarenka, Garbine Muguruza and Sloane Stephens in the strongest field of the tournament’s brief history.

Two former champions return to Tianjin with France’s Caroline Garcia looking to become the tournament’s first back-to-back winners, while 2014 champion and 2016 finalist Alison Riske will make her sixth consecutive tournament appearance and will compete with Garcia to be the first player to win the tournament twice.

Standing in their way will also be 2017 finalist and World No.13 Aryna Sabalenka of Belarus, as well as tournament debutants Amanda Anisimova, Iga Swiatek, and Dayana Yastremska.

Fans will also be able to cheer on four of the best local stars with Wang Qiang, Zhang Shuai, Zheng Saisai and Wang Yafan adding national excitement as China celebrates the 70th anniversary of the founding of New China. To celebrate this momentous occasion, organizers confirmed that Monday 7th October will be free for spectators.

With five Grand Slam champions, four former world No.1s, five of the top 20, 19 of the top 50, two former champions and four local stars all descending on the beautiful Jinghai district, fans will not want to miss out on seeing the best the WTA has to offer right here in Tianjin,” said Tournament Director Stephen Duckitt.

The full list of players and information about Tianjin Open ticketing can be found via the Tianjin Open website – www.tianjinopen.com.

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2017年赛事亚军获得者，世界排名第13的白俄罗斯小将萨巴伦卡，以及阿根廷名将、澳网冠军帕斯琴纽克都将来参加赛事，形成以老带新的阵容，共同冲击冠军。

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Seldom do people find the strength to face such grave adversities in the eye and overcome them. Especially being a little boy, it was traumatizing to know that it was being brutally taken away from him.

At the tender age of seven, he lost the love and care of his parents. His severely alcoholic father abandoned him and later passed away, and his mother, who was a stage artist and hall singer, had to be taken to a mental asylum owing to her mental issues. He only had an older brother, and his severely alcoholic father abandoned him and made enough money for him and his brother to live.

However, he did not for a second stumble or let his mind waver. Instead, he set his mind on finding a way to make a living by himself if he wanted to live any further, and that there was no one he could count on to save him.

Thus, he discovered his passion, and since then he has been determined to make it in the entertainment industry.

BEGINNING OF HIS CAREER

With the help of his mother's contacts, he joined a clog-dancing troupe, named the Eight Lancashire Lads, when he was 10 or 11 years old. Later, when he was 12, he got his first chance to act in a legitimate stage show, where he was cast as "Billy", the page boy in a production of "Sherlock Holmes".

This marked the first ever stage performance of an entertainer, who went on to become a legend in show business. The little boy left the audience spell-bound with his voice, his natural stage presence and his comedic presentation skills. He even imitated his mother's cracking voice.

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Machu Picchu is the lost city of Incas, located on top of the Andes Mountains in Peru 80 kilometres from Cuzco. As per historical assumptions and interpretation, the Inca citadel dating back to the 15th century is a standing reminder of ancient Inca civilization. Because of the intricate construction technology, in 2007 it has declared as the ‘New Seven Wonders of the World,’ and also elevated as the Peruvian Historical Sanctuary in 1981. In 1983, it became part of the UNESCO World Heritage Site.

If you're planning to visit Machu Picchu, you must have a strong endurance skill if you want to hike up the trail. There are many stairs to negotiate until you reach the mountain top of Machu Picchu. Each place you will go is an architectural masterpiece and faced with many unanswered questions. The most intriguing among all are the precisely chiselled large rocks, stacked over one another without using mortar or any other joineries.

How to get there?

Once you have decided to visit Machu Picchu, it is important to know that the closest airport is in Cusco city. Though the Alejandro Velasco Astete airport is an international airport, it doesn't have direct flights from any part of the world. Tourists need to reach the Lima International Airport, Peru and from there take feeder service to Alejandro Velasco Astete airport.

From the Cusco airport, board a train to Aguas Calientes, the nearest town to the site. It is a roughly four-hour ride through the Sacred Valley along the Urubamba River. After that, you must hike up to the site.

VISA REQUIREMENTS

Tourists from the USA, Japan, European Union, South Africa, South America, New Zealand, Australia, Mexico, and Canada do not require a visa to visit Machu Picchu, except a 6-month valid passport. Tourists from all other countries are required a permit to enter Machu Picchu. The tourist visa will be valid for 183 days without extension. In addition to passport and other documents needed, tourists required to furnish hotel reservation details, and economic solvency for the period of their stay in Peru. Tourists, who are planning to visit Machu Picchu, need to take entry permit and also train ticket, which is available online and can purchase in advance.

What can you see there?

An interesting fact that came up in recent years is that Machu Picchu is a seismically active area, but nothing happened to these structures. The cities close to Machu Picchu had hit severely, but the structures here remained the same. The ancient ruins and huge blocks never fell apart during the tremors. Its fine craftsmanship and precise stone cutting helped to absorb the tremors and settled back to its original position.

By Nikita Jaeger

Are you looking forward to visiting one of the new Seven Wonders of the World? Why don’t you plan to visit a location lesser-known to the common man, Machu Picchu? It was unknown to the world for quite some time and a masterpiece in itself, the way it has built having all the facilities, but confining from the outer world. Machu Picchu is worth visiting to understand its architecture and conspicuous practices, rituals, etc...
Inti Punku (Sun Gate)
The famous Inca trail will end here at the Sun Gate. The hills will be left behind, creating a beautiful natural background. It was once the fortress of the city. The structure looks like a control tower, to watch the movement of people who enter and leave Inca City during the ancient times.

Temple of three windows
It is on the main urban sections of Machu Picchu and constructed with three large lithic structures stacked over the other without using mortar or packing materials. The reason or purpose for the construction is still unknown to the historians. But the most realistic theory is that the windows give a fair idea about the origin of Incas, based on the writing of Pachakuti Yanki Salqanamayhua. It says, Manco Capac, the first ruler, ordered to build the window after establishing the Inca Empire. As per Inca mythology, the ruler and his sister Mama Ocllo were descendants from heaven.

Temple of the Sun (Templo Del Sol)
It is the only curved structure in Machu Picchu, in fact, round building in the whole complex featured with a sundial in the centre of this structure. You can find a carved stone at the centre of the temple, which is believed to be used for worshipping Sun god and for many cult ceremonies. Historians assume that the temple may have been used for understanding the movement of Sun and the position of the stars. Inside the temple, you can also find a stone altar, which might have been used for performing rituals and sacrifices.

Inca Bridge
From the centre of Machu Picchu, it is just 30 minutes walk. The bridge acts as a checkpoint to the Inca Citadel. Made up of wooden planks, the guards can remove the planks quickly if they suspect any visitors. The bridge constructed on the narrow mountainside, making it impossible to negotiate once the wooden planks removed.

Intihuatana
Standing from the Machu Picchu Urban Sector, Intihuatana located on the western side is a rock pillar carved at the top of the Intihuatana hill. As per historians and archeologists, the pillar may had been used for spiritual and astronomical purposes or as a Sun dial. It is one solid piece of granite, making it one of the exciting aspects that attracts tourists. The solstices were predicted using the angles of this pillar by the Inca Astronomers. They believed that they could control the length of the summer days. All these observations are assumptions only, and so far we have no idea how this pillar used to calculate the length of seasons.

Sarcity (The House of Ornaments)
It is a well-crafted part of the building located behind Principal Temple. It is believed to had been used for storing the ceremonial objects. It also has beautiful stone carving and even a carved stone bench. One of the important attractions of Sarcity is its entrance constructed with two huge rocks with carvings of 30 angles.

Hut of the caretaker
It is a restored building of ancient Inca civilization, located ideally to have a panoptic view of the entire spectrum of Machu Picchu. It is also used as a shelter in case of rain. The Inca trail enters the city from just under this hut.

Being coined as a New Seven Wonders of the World, Machu Picchu is receiving tremendous global tourism attention. Tourist can enter Machu Picchu through only the two entry points. The main entry point and the Gate of the Sun. Out of the two, Gate of the Sun is exclusively used by Inca trail tourists, and on a single day, about 4,000 tourists can visit the location. Most of the tourists visit the Machu Picchu through the main entrance.

Machu Picchu tour requires meticulous planning. As the trails are very narrow, there is a good chance of getting lost. Please try always to have a guide with you. The site is open during the morning to 5 pm last entry is at 4 pm, and all must leave by 5 pm. You must buy tickets beforehand.

As it is a hilly area, it would be better to carry a raincoat or an umbrella. Take care of some of the restrictions, such as walking sticks, large backpacks, etc., as you cannot take all these things.

A tourist can only take a small bag with some essential items. You must wear something that you would be comfortable for a walk. Also taking food is a strict no. Littering of any sort is not allowed. The best time to visit Machu Picchu is from April to October. Rest of the season, it is rainy and foggy, and visibility will be abysmal. Taking mosquito repellents is also advisable. Visiting Machu Picchu will be a great experience, provided if you can engage an experienced tour operator.

Visiting Machu Picchu

• The closest airport is in Cusco.
• It is not allowed to bring any kind of smoking material into Machu Picchu.
• The closest bus stops are 10 minutes from Machu Picchu.
• It is a very steep hike, so make sure you wear comfortable clothes and shoes with good traction.

Check the weather and dress accordingly. The site is open from 6 am to 5 pm. The weather can be hot during the day and cold at night, so be prepared. The best time to visit is from April to October.

• Intihuatana

Intihuatana is a stone monument located at the entrance of Machu Picchu. It is one of the most important sites in the Inca Empire. Intihuatana is also known as the “Inca sundial.” It is believed that this monument was used to predict the length of the summer days.

The structure looks like a control tower to the movement of people who enter and leave Inca City during the ancient times.

• Inca Bridge

The Inca Bridge is a small bridge located in the city of Machu Picchu. It is one of the most impressive pieces of Inca engineering and architecture.

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The structure looks like a control tower to the movement of people who enter and leave Inca City during the ancient times.
THE MAGIC OF A PLANNED CITY

In 2009, economist Paul Romer gave a TED talk about “Charter Cities.” He had an idea, that if governments in developing worlds, places that were expected to see large amounts of urbanization in the coming decades, would plan and lay out cities, not micromanage them, but just create a framework and put in basic services, they would be laying the foundation for dynamic economic growth. This master plan was an alternative to trying to come up with GDP figures, but for his work on city planning, he was awarded the Nobel Prize in Economics in 2018.

Mr Romer was pointing out that several billion people will continue to move to cities between now and 2050 and if done right, migration will create tremendous prosperity, but if done wrong, it will be a mess, and probably one we can’t fix. He often cites the example of New York City. At that time, the city had plenty of empty land and a small population. But in 1811, when the city that is today, a leading global city, was still considered a mess, and probably one we can’t fix. He had frequently cited the example of New York City, which in 1811, when the city had plenty of empty land and a small population, had a grid. At the end, the people leave, the area is cleaned and planning starts for another year. This year, “a New York Times journalist took Mr Romer there for both the initial survey and the actual event. That has been gradually loosened, allowing people to move to larger regional cities although still restricting them from the largest cities. The Sino-Singapore Eco City and the TEDA free economic zone in Tianjin are examples of the latter exist today in India, parts of South America and Africa with dynamic cities that are characterized by urban slums, where governments now struggle to deliver services and residents struggle to take full advantage of the prosperity that cities can provide. In his 2009 talk, Mr Romer pointed out that China’s Special Economic Zones (SEZs) were built on a similar model. Many people may not realize it, but Tianjin is home to a number of planned urban areas. These include the TEDA development zone (one of those early SEZs), which was largely focused on building a manufacturing centre from scratch, starting in the 1980s. It has largely achieved this goal eventually producing around half of Tianjin’s GDP. Furthermore, the TEDA model is now used by the Chinese government in other locations, including Egypt, where the Chinese have set up a similar industrial zone.

EXPERIMENT IN A DESERT

In 2018, Paul Romer won the Nobel Prize in Economics, not for his work on cities specifically, but for his work on how to measure ideas and their impact on GDP. But he is still thinking about cities. In 2019 he attended “Burning Man” an annual event that takes place in the desert, states that place. Here, at the end, the people leave, the area is cleaned and planning starts for another year. This year, a New York Times journalist summarized as “Stake out the street grid; separate public from private space, and leave room for what’s to come. Then let the free market take over.”

China’s planned cities

In his 2009 talk, Mr Romer pointed out that China’s Special Economic Zones (SEZs) were built on a similar model. Many people may not realize it, but Tianjin is home to a number of planned urban areas. These include the TEDA development zone (one of those early SEZs), which was largely focused on building a manufacturing centre from scratch, starting in the 1980s. It has largely achieved this goal eventually producing around half of Tianjin’s GDP. Furthermore, the TEDA model is now used by the Chinese government in other locations, including Egypt, where the Chinese have set up a similar industrial zone. More recent planned areas include the Sino-Singapore Eco City and the Yujapai financial district. All of these areas have gotten criticism for not being immediately successful on one metric or another, but I am glad I live close enough that I can visit regularly and make my own assessment as to how they are doing. They each have a grid and good urban planning, they lay out the infrastructure and then development begins, perhaps with a little more government participation in the latter phases than Mr Romer would advise.

For decades China has limited the movement of people to cities by the use of the Hukou or household registration system partially to avoid urban slums. That has been gradually loosened, allowing people to move to larger regional cities although still restricting them from the largest cities. For those of us with an interest in urban development, China will continue to be an interesting laboratory. Things may not evolve quite as fast as Burning Man, but with a number of centrally planned cities, zones and districts, we will be able to witness the process from initial plans to implementation. And unlike the event in the Nevada desert, there is no need to buy a ticket.

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Technology companies continue to rise in China, as they cater to more people and deliver more value. Those companies are displaying good performance and rising in the digital sphere. One such company is Baozun, which is a large e-commerce solutions provider. They are very similar to the US company Shopify in that they provide digital marketing, warehousing, and customer services. Both companies had their IPOs at very close dates, as well. The company (Baozun) helps its customers to connect their online stores with their physical stores to give their buyers a seamless shopping experience with their physical stores to give their customers to connect their online stores well. The company (Baozun) helps its clients to connect their online stores with their physical stores to give their buyers a seamless shopping experience. They offer battery charging in addition to cars and inks, as well. The company specializes in designing and developing electric vehicles. The company除汽车外还销售备件,并提供电池充电服务。NIO House的建筑设计和开发电动自动驾驶汽车。该公司除汽车外还销售备件,并提供电池充电服务。

NIO House

The company also has user centers around mainland China, to allow its users to experience the cars without driving them. The houses feature innovative and modern architectural designs, and comfortable spaces, where people can work and do the activities they enjoy. One of the purposes of the houses is that the user can feel the entire experience of a designer, human oriented, warm, and bright. The houses usually also include a library, a living space. In a way, the houses are future-looking showrooms for a future-oriented brand.

FINANCIAL PERFORMANCE

The company is still considered young, as a toddler, according to its CEO, but it has bright prospects. Based on the figures of the first quarter of 2019, NIO has not turned in a profit yet, its revenues for the period stood at CNY 1,631.16 million, and its net income stood at CNY -2,620.82 million, with a profit margin of -160.67%. Despite the loss incurred, the company has been growing its assets, which reflects focus on investment and long-term orientation. Total assets increased from over 10 billion in 2017 to CNY 18,842.55 billion in 2018. Its debt to assets ratio stood at 17.18%. The assets growth will probably lead to profitability in the upcoming years, as the company is still within its payback period and hasn’t reached break even point yet.

SHARE PERFORMANCE

The company’s share has been declining from 10 USD per share to around 3 USD per share in the previous 12 months. Despite the challenges facing the company, such as its cash burn rate, and the slowdown in the auto market, the CEO said that he expects the company to become profitable in less time than what Tesla took. It took Tesla around 16 years to become profitable. Li said that investors are not looking at the long-term value of the company, and he was very positive about the growth prospects. Li expects the company to acquire a bigger market share in the electric vehicle market in China, which is projected to reach 50 million units in annual sales by 2040. In short, the low share price may be a purchase opportunity since it is very cheap at the moment and has not priced in potential growth. The stock is listed in the US rather than China.

PRIVATE PLACEMENT IN THE VALUE OF $200 MILLION

Recently, the company announced a private placement on convertible notes in the value of $200 million, with some of it coming from the CEO Li. The placement includes two tranches, the first is due in one year from September 2019, and it contains two interest payments and a premium. The second part is due in three years, with a 6% premium payment at the end, and is convertible at $1.2 per share. This could mean significant dilution of equity at the conversion date.

CHALLENGES FACING NIO

The company is currently in a tough spot. The US-China trade war has had a significant impact on the automobile industry in China. The local EV market is becoming flooded with entrants, which can erode profitability. NIO is slow to increase its capacity, and still needs to significantly improve its efficiency, in order to be able to produce at scale and increase efficiency, in order to be able to produce at scale and increase efficiency. For investors, the stock could still go lower from here. However, signs of improvement and success in addressing the current challenges may bring back optimism and drive the stock to new heights.
Schlote Automotive Parts (Tianjin) Co., Ltd. (SCT) was built in a time span of only 2 years and currently employs 300 people. They produce transmission housings using completely automated machining lines to assure optimal quality standards with a corresponding process capability for their customers.

SCT has several important and key strategic partners, such as BMW, ZF AG and Volkswagen, and on 3rd of September, 2019, was successfully held the opening ceremony of Phase II & R&D Centre, aiming to expand their business from Tianjin to the rest of Asian markets. Schlote group CEO Mr Schlote, CTO Mr Schulz, and SCT GM Mr Gao Jian Gang, along with all the staff, extended warm welcome to all the distinguished guests to witness the historical moment.

Business Tianjin Magazine was honoured to interview Mr Jürgen Schlote, CEO of Schlote Group, on the topic of Schlote Group’s development strategy in China.

Your more than 40-year career in Schlote Group is quite remarkable, and speaks of how you truly are a global business leader. How did you get started?

My parents founded the company 50 years ago, in 1969. I started in Schlote in 1989, because it was a family company and I tried to help in the workshop. At that time, Schlote had only 30 employees and a turnover of 1.5 million euro (12 million RMB). Today, we are a team of 1600 employees with a turnover of 250 million euro (2 billion RMB). In China we have 300 employees.

Establishment of Schlote Automotive Parts (Tianjin) in 2014 was a significant milestone towards globalization of Schlote Group. What are your strategic plans for the future of the company?

Our vision is to be a leader in innovative technology and develop our products in the commercial cars and e-mobility. Currently e-mobility has a low market share, but we expect to grow fast, and our aim is to be a key player in both segments as automotive parts supplier, and provide very high precision parts.

What products is Schlote manufacturing at this moment in Tianjin?

We produce gear housing for automatic transmission for ZF Group, and these parts are supplied later to local car manufacturers, such as Great Wall. We also supply products to BMW together with Handtmann. The biggest project we have now is the double clutch transmission parts to deliver to Volkswagen.

Overall, we produce in this plant around 1.2 million transmission housings per year, and supply to the automotive industry more than 2.4 million auto parts per year.

What competitive advantages does your company have to create a R&D Centre outside of Europe? How are you planning to fully utilize such important unit for the long term sustainable development?

The biggest advantage is to develop our projects much faster as we are nearest to our customers. Our T&D Centre has to be close to our customers and to satisfy quickly their needs. Not only with our Chinese clients, but also our international clients located here. China is extremely fast, and our decisions should be very fast, as well not to miss opportunities. The key to success here is to be faster than our competitors.
What do you consider as the hardest challenge you’ve had to face in your current role and how were you able to overcome it?

Because, I guess, you are CEO of Schlote since 2011?

I could say to develop the company in a model of permanent transformation is the hardest challenge. It is necessary for me as CEO to bring the company into a flow of implementing all the industrial development changes that we have every day.

In other hand, it’s necessary to have clear targets, a clear vision and a clear strategy to overcome all the challenges that appear in our way.

What global trends do you see in the next five years that are of interest to Schlote Group?

A very big trend in the following 5 years will be e-mobility. When you want to work in this market you have to acknowledge the trends. The main factors we have in Schlote Group to succeed are flexibility, digitalization and industry automation 4.0. We also have to work much and be a technology leader to compete in China.

And the main global trends that you see in the EV?

The biggest change will be electrical vehicles, electro mobility. It will change the automotive industry during the next 5-10 years, but I expect that, at the end, we will have a mix of mobility.

Even the biggest trend is e-mobility, we are close to our customers and we are ready to provide them the products that they need for e-vehicles.

What top advice can you give to aspiring young professionals who want to follow in your footsteps?

My advice is to be open and learn every day. Every time look for better solutions. It is necessary to have a good technical base and to do what you do with passion. You must like what you do. If you don’t like, you can’t make anything good.

It is necessary for young people to make a career, to have several positions or roles in the same company or maybe in several companies, but it is necessary to have a very good knowledge of how the whole company works.

How do you maintain a balance between your personal life and your very busy professional life?

I like to spend my free time with family. I have three children and my oldest daughter got a baby this year, so I am a grandpa since few months ago, and I like to spend time with them. I also like hiking and skiing.
Tax & Finance

I. TAXPAYERS AND SCOPE OF TAXATION
According to Provisional Regulations, taxpayers refer to all units and individuals receiving income from the transfer of state-owned land use rights, buildings and their attached facilities. While in the Consultation Draft, the definition of taxpayers is modified to all units and individuals receiving income from the assignment of real estate property within the territory of the People’s Republic of China. On one hand, the scope of taxation has been extended to the transfer of collective land use rights, buildings and their attached facilities, or to the use of collective land use rights, buildings and their attached facilities as a consideration for investment and shares; on the other hand, the expression on the taxable activity has changed from “transfer” to “assignment”. With more and more new real estate products and transaction methods, the scope of activities to be included in “assignment” remains to be clarified.

II. INCOME AND DEDUCTION
The Consultation Draft has deleted the phrase “income in the form of physical goods” from the scope of taxable income in Provisional Regulations. The scope of income in the Consultation Draft has been simplified to monetary income and non-monetary income.

The specific deductible items on calculating the added value basically remain unchanged. The Provisional Regulations stipulated that other deductible items are to be determined by the Ministry of Finance and the Consultation Draft has been changed to “determination by the State Council”. The reason behind such modification is that after the Provisional Regulations is escalated to a Law, the legal level and legislative body of the supporting implementation regulations are upgraded accordingly. Similar modification can also be found in Article 7 of the Consultation Draft, which states that “the specific scope and standards of the income and deductible items stipulated in this Law are to be determined by the State Council”.

III. LVAT RATES
The Consultation Draft still adopts the same four-level progressive tax rates at 30%-60%, which confirms the view of “deeming provision”. However, the Consultation Draft stipulates that other deductible items are to be determined by the State Council”.

IV. DEEMING PROVISION
“Deeming provision” as stipulated in Article 9 of the Consultation Draft will be implemented or whether it will be based or by reference to the property appraisal price. Besides, taxpayers have concerns about whether such amendment will expand the discriminatory power of the tax authorities. These are expected to be clarified in the subsequent implementation regulations of the LVAT Law.

In addition, under the circumstance where the amount of deductible items cannot be determined in relation to a taxable activity involving collective real estate property, Article 10 of the Consultation Draft stipulates that “LVAT can be levied based on a certain percentage of the income generated from the assignment of that real estate property.” The specific tax measure must be determined by the provincial people’s government and reported to the Standing Committee at the same level for decision.

The current Provisional Regulations of the People’s Republic of China on “transfer of real estate” (hereinafter referred to as the “Provisional Regulations”) has played a positive role in regulating the real estate market since its implementation on 1st of January, 1994, and has become one of the important sources of local tax revenue with the economic development and growth of the real estate market in China.
Tax & Finance

 provision is based on the fact that there are regional differences in the activeness of the transfer of collective land ownership and the registration and transfer of collectively owned property rights in different parts of China.

VI. TAX PREFERENCE

The current Provisional Regulations and policy documents stipulate that the ordinary standard housing and affordable housing with added value rate of collectively owned property can be exempted from LVAT. On the other hand, the tax preferential treatment under national laws and local administrative regulations. On one hand, the national economic and the local administrative regulations, government has more ways to control and regulate the supply of state-owned land. On the other hand, the tax preferential treatment can be narrowed or even become uncertain, which causes great concern in the real estate industry.

Article 11 (3) of the Consultation Draft stipulates that "the State Council can stipulate other circumstances for the reduction or exemption of LVAT based on the national economic and social development needs, and report them to the Standing Committee of the National People's Congress for the record." Taking into account the rapid changes in China's social and economic environment, this provision provides flexibility to the State Council to provide new tax reductions and tax exemption for the real estate industry. The Consultation Draft is a significant move in improving the tax system and protecting local fiscal revenue, the subsequent enactment of the LVAT Law reflects the decision of "fully implementing the statutory principle of taxation by 2020" has been set at the Third Session of the 12th National People's Congress, it may not be realistic to revise the major content of LVAT Law at this time of simply moving out of the Provisional Regulations framework. However, considering that China's social and economic environment is now far more different than that in 1993 when the Provisional Regulations was first issued, the profit margin of the real estate industry has gradually shrunk, and new types of property products have been introduced, the new LVAT Law should follow the current situation and complement the country's ongoing land system reform.

In addition to answering the questions of how to legislate LVAT Law at the legal level to better utilize the function of LVAT in regulating the real estate market and protecting the stability of local fiscal revenue, the subsequent formulation of implementation regulations and the amendment of the LVAT clearance procedures will have a more direct impact to taxpayers on the LVAT tax burden, compliance costs, etc. In particular, whether Article 7 of the Consultation Draft and the corresponding supporting regulations can eliminate differences in cost deduction items, deduction standards and assessing methods, as well as different provisions applied in the LVAT settlement which currently exist across the country. In addition to LVAT, the legislation of property tax is also forgoing ahead already. We will continue to actively participate in the formulation of laws and rules and regulations by offering advices to the legislative and enforcement authorities and protect local fiscal revenue, the subsequent enactment of the LVAT Law will reflect the decision of "fully implementing the statutory principle of taxation by 2020" has been set at the Third Session of the 12th National People's Congress. We will continue关注这方面的发展，并及时分享我们的观察与建议。

VII. TAX COLLECTION AND ADMINISTRATION

Article 15 of the Consultation Draft stipulates that "the State Council will establish a tax collection and administration mechanism together with Article 21 on the legal liabilities of taxpayers, tax authorities and tax officers on violating the LVAT Law reflects the decision of the Ministry of Finance and the State Taxation Administration to change the current situation of "focusing on provision provisional LVAT collection and neglecting the LVAT clearance".

THE TAKEAWAY

The Consultation Draft is a significant step towards implementing the statutory principle of taxation and an important move in improving the local tax system. By upgrading the Provisional Regulations to law, it can better improve the LVAT system, enhance the authority of legislation and the rigidity of law enforcement, further increase the local fiscal revenue, regulate the income distribution of land added value, and promote the development of the real estate industry and the development of the real estate market, which would enhance China's real estate property tax system and advance the modernization of the national governance system and capacity.

Since the goal of "fully implementing the statutory principle of taxation by 2020" has been set at the Third Session of the 12th National People's Congress, it may not be realistic to revise the major content of LVAT Law at this time of simply moving out of the Provisional Regulations framework. However, considering that China's social and economic environment is now far more different than that in 1993 when the Provisional Regulations was first issued, the profit margin of the real estate industry has gradually shrunk, and new types of property products have been introduced, the new LVAT Law should follow the current situation and complement the country's ongoing land system reform.

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VII. THE TIMING OF LVAT LIABILITY

Article 13 of the Consultation Draft stipulates that the time at which a liability to LVAT arises shall be the date of the signing of the real estate property assignment contract. There are two issues with this provision. Firstly, Article 1 of the Consultation Draft changes the taxable activity from "transfer" to "assignment", but generally, the date of signing the real estate property contract should precede the actual registration or assignments of the real estate property. Secondly, as normally the taxpayer would have paid full amount of the purchase price on signing the contract, therefore the taxpayer's ability to bear the tax should also be considered. It may be more reasonable to take the date and amount of payment as agreed in the contract or the date of actual receipt of the payment as the time at which the LVAT liability arises, and this is more consistent with the timing of taxable income recognition under CIT and VAT.

VI. Tax & Finance

The Consultation Draft refers to the "registration time" as "shall be settled" under circular that are now treated as "shall be settled" under the Consultation Draft. Moving the clearance forward may cause cash flow pressure to some property development companies. In addition, under the current practice, the tax authorities will perform the tax clearance review based on the information provided by the taxpayers, Article 15 of the Consultation Draft changes this practice and requires taxpayers who are engaged in the real estate property development to complete the tax clearance by themselves. When the tax authorities conduct follow-up inspection on the LVAT items, and the tax payable determined by the inspection is greater than the taxpayer's clearance amount under self-declaration, the underpayment may be subject to late payment surcharge.

The newly added Article 17 on requiring the tax authorities and relevant departments to establish a LVAT-related information sharing mechanism and coordination mechanism together with Article 21 on the legal liabilities of taxpayers, tax authorities and tax officers on violating the LVAT Law reflects the decision of the Ministry of Finance and the State Taxation Administration to change the current situation of "focusing on provision provisional LVAT collection and neglecting the LVAT clearance".

Including: (1) Real estate development projects that have been completed and accepted, with transferred construction area accounting for more than 85% of the overall transferable building area of the overall property project, or where the ratio is not exceeding 85%, but the remaining saleable construction area has been rented or occupied for personal use; (2) Real estate whose saleable construction area has been obtained for more than three years, but still has not been sold out. Therefore, "The Consultation Draft" Fifth Article stipulates that "the taxable value shall not exceed the amount deducted by the original tax exemption amount". Since the goal of "fully implementing the statutory principle of taxation by 2020" has been set at the Third Session of the 12th National People's Congress, it may not be realistic to revise the major content of LVAT Law at this time of simply moving out of the Provisional Regulations framework. However, considering that China's social and economic environment is now far more different than that in 1993 when the Provisional Regulations was first issued, the profit margin of the real estate industry has gradually shrunk, and new types of property products have been introduced, the new LVAT Law should follow the current situation and complement the country's ongoing land system reform.

In addition to answering the questions of how to legislate LVAT Law at the legal level to better utilize the function of LVAT in regulating the real estate market and protecting the stability of local fiscal revenue, the subsequent formulation of implementation regulations and the amendment of the LVAT clearance procedures will have a more direct impact to taxpayers on the LVAT tax burden, compliance costs, etc. In particular, whether Article 7 of the Consultation Draft and the corresponding supporting regulations can eliminate differences in cost deduction items, deduction standards and assessing methods, as well as different provisions applied in the LVAT settlement which currently exist across the country. In addition to LVAT, the legislation of property tax is also forgoing ahead already. We will continue to actively participate in the formulation of laws and rules and regulations by offering advices to the legislative and enforcement authorities and protect local fiscal revenue, the subsequent enactment of the LVAT Law will reflect the decision of "fully implementing the statutory principle of taxation by 2020" has been set at the Third Session of the 12th National People's Congress. We will continue关注这方面的发展，并及时分享我们的观察与建议。
<p><span style="font-size: 11pt; background-color: transparent;">LEGAL AND TAX ANALYSIS OF INTERNATIONAL TRADE TRANSACTION</span></p><p><span style="font-size: 11pt; background-color: transparent;">By Garrigues China</span></p><p><span style="font-size: 11pt; background-color: transparent;">China’s international trade has experienced rapid expansion during the recent decades and a lot of problems have popped up during the extensive development of international trade. This article aims at pointing some issues worthwhile being noticed when the company reaches international transactions with overseas parties as well as helping the company optimize the structure of transaction by introducing a specific business model as below.</span></p><p><span style="font-size: 11pt; background-color: transparent;">1 BACKGROUND</span></p><p><span style="font-size: 11pt; background-color: transparent;">(1) Company A is an affiliated company of Company B of which the company type is being trading company. Company B has entered into a sales and purchase agreement with a Philippine customer ("Philippine Customer") to sell a type of finished modules ("Finished Modules") to the Philippine Customer. As per the request of the Philippine Customer, the Finished Modules shall be exported from China, so that the agreement tariff rate under the Framework Agreement on Comprehensive Economic Co-operation between the PRC and the Association of South East Asian Nations ("ASEAN Framework") could be applied to the Finished Modules ("Transaction").</span></p><p><span style="font-size: 11pt; background-color: transparent;">(2) To perform the Transaction, Company B intends to involve Company A to adopt the following business arrangements ("Envisaged Business Arrangements").</span></p><p><span style="font-size: 11pt; background-color: transparent;">Phase I: Company A will purchase certain customized equipment designated by Company B from Australia and Europe through a third party Spanish agent, i.e. Agent C, and certain customized equipment from other EU suppliers through Company B ("Imported Equipment"), while the Imported Equipment will be directly shipped from Australia and Europe, and purchase the rest equipment from local suppliers in China ("Chinese Equipment"), for the assembly of the Finished Modules (collectively "Equipment"). The value of the Imported Equipment is around 30% of the value of the Finished Modules.</span></p><p><span style="font-size: 11pt; background-color: transparent;">Phase II: Company A will sell both the Imported Equipment and Chinese Equipment to a Chinese company, i.e. Company D, and Company D will assemble the Equipment to the Finished Modules and sell the Finished Modules to Company A. Both Company A and Company D are not located in the bonded area in the People’s Republic of China (the "PRC" or "China", which, for the purpose of this article, shall exclude Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan region).</span></p><p><span style="font-size: 11pt; background-color: transparent;">Phase III: The Finished Modules will be exported by Company A to Company B with the final destination to the Philippine Customer.</span></p><p><span style="font-size: 11pt; background-color: transparent;">2 DISCLAIMER</span></p><p><span style="font-size: 11pt; background-color: transparent;">The article is made based on the above background as well as the applicable PRC laws and regulations, and mainly focuses on the feasibility analysis of the application of agreement tariff rates and the key legal and tax issues in the Envisaged Business Arrangements. The detailed implementation procedures are not included in this article.</span></p><p><span style="font-size: 11pt; background-color: transparent;">Alternatives have been provided in the last section of this article. This section briefly explains the alternative business arrangements for consideration. However, the detailed legal and tax implications in relation to the alternative is not analyzed. Other alternatives that are not legally feasible, such as temporary import, are not analyzed in the article.</span></p><p><span style="font-size: 11pt; background-color: transparent;">The Envisaged Business Arrangements contain intercompany transactions, which might be assessed as related party transactions from the PRC tax perspective. Any transfer pricing consideration for the Envisaged Business Arrangements has not been analyzed, such as the pricing of related party transactions and profit repatriation from Company A to Company B etc.</span></p><p><span style="font-size: 11pt; background-color: transparent;">3 EXECUTIVE SUMMARY</span></p><p><span style="font-size: 11pt; background-color: transparent;">The purpose of this executive summary is to highlight the most significant legal and tax issues brought to light in connection with the Transaction. This executive summary is intended solely for your convenience, which should be read carefully in its entirety.</span></p><p><span style="font-size: 11pt; background-color: transparent;">1) Provided that the conditions applied for the eligibility of the agreement tariff rate are satisfied, the Finished Modules may apply the agreement tariff rate as 0% under the ASEAN Framework. Conditions are applied for the eligibility of agreement tariff rate. The applicability of the agreement tariff rate shall be determined by Philippine Customs upon the import of Finished Modules.</span></p><p><span style="font-size: 11pt; background-color: transparent;">Regarding the application for the Certificate of Origin with the Chinese Customs, the assessment in relation to whether the export goods are originated from China would be subject to the Custom’s own discretion according to the relevant supporting documents provided by Company A. The rules have not specified the detailed documents required, which would be subject to the requirements of the competent Customs during the application procedure.</span></p><p><span style="font-size: 11pt; background-color: transparent;">2) The goods originating in Australia and directly transported from the territory of Australia to the territory of China byby making an application for the agreement tariff rates under the PRC-Australia FTA are subject to agreement tariff rates.</span></p><p><span style="font-size: 11pt; background-color: transparent;">Phase I: There is no administrative limitation on the importation of the Imported Equipment. Provided Company A has corresponding business scope, obtained the corresponding qualifications required for the import business and none of the Imported Equipment has fallen into the restricted or prohibited categories, it shall be entitled to conduct Phase I business without restriction.</span></p><p><span style="font-size: 11pt; background-color: transparent;">Phase I is a general goods trading transaction from Chinese Customs and tax perspective, which is subject to Customs duty ("CD") and import value added tax ("VAT") at Customs clearance. The importer (i.e., Company A) shall be the tax-payee of both CD and VAT. The calculation basis of both CD and VAT is the import value, which shall be determined by Philippine Customs upon the import of Finished Modules.</span></p>
There are two domestic sales transactions involved in Phase II. In particular, when Company A sells the import goods to domestic customer Company D, the domestic sales transaction of goods is subject to output VAT, local tax surcharges and Enterprise Income Tax (“EIT”). Company A is the taxpayer of the said taxes. The said output VAT may be deducted from the input VAT obtained from the next domestic sales transaction of purchasing Finished Modules from Company D by obtaining the special VAT invoices.

Phase III: Provided Company A has corresponding business arrangements as stipulated by the corresponding qualifications required for the exportation and the exported goods has not fallen into the restricted or prohibited categories, it shall be entitled to conduct Phase III business without restriction. Under Phase II, the consistence of cash flow and goods flow of the Finished Modules might also need to be proved by the relevant supporting documents. The conditions and terms of the sale contract of the Finished Modules shall be subject to the business arrangement between Company A and Company B.

In Phase III, Company A is a trading company that may export goods and services without the capacity of production (“Trader”). From PRC tax law perspective, the VAT refund mechanism of exemption and refund (“ER”) shall be adopted for the Trader with exportation business. The Finished Modules purchased from Company D for export may apply the ER method at the VAT refund rate of 13%.

The alternative business model includes business scope expansion and bonded business model. On one hand, Company A could consider transferring its enterprise type from “trading company” to “manufacturing and trading company” by modifying its current business scope so that it might assemble the Finished Modules by itself. On the other hand, the bonded business model of outsourced processing with imported materials provides the tax benefits of improving the cash flow of Company A in comparison with the Envisaged Business Arrangements. However, certain Customs procedures would be required to carry out the bonded business model.合法与税务分析

## 4.1 Application of agreement tariff rate under the ASEAN Framework

Under the ASEAN Framework, products that may apply the agreement tariff rate shall follow the Rules of Origin for the China-ASEAN Free Trade Zone as stipulated by the PRC Customs, Ministry of Commerce and General Administration for Market Regulation.

### Condition 1: export goods are originated in China

In the event that the export goods satisfy one of the following conditions, their country of origin shall be China:

1. The goods are wholly acquired or produced in China in accordance with stipulated provisions; or
2. The goods are not wholly acquired or produced in China in accordance with the stipulated provisions.

Having checked the definition of “wholly acquired or produced”, we understand that the Finished Modules are not wholly acquired or produced in China. In this case, the goods may be assessed as originated in China if one of the following conditions is met:

- The goods are not wholly acquired or produced in China
- The composition of the goods that is acquired or produced in China shall account for at least 40%; or
- The total value of materials, components or products originated from countries other than China-ASEAN Free Trade Zone shall not exceed 60% of the FOB price of the acquired or produced goods (i.e. the Finished Modules). In addition, the last manufacturing procedure shall be completed in China.

### Condition 2: Direct consignment

The following circumstances may be considered as direct consignment:

1. The goods is transported to Philippines by passing through the territory of another China-ASEAN Free Trade Zone.
2. The goods is transported to Philippines without passing through the territory of any non-China-ASEAN Free Trade Zone.

### Condition 3: Certificate of Origin

The Certificate of Origin is issued by the Chinese Customs. The exporter or its agent shall apply the Certificate of Origin with the Chinese Customs, while the Chinese Customs may require relevant supporting documents from the exporter or manufacturer.

Please note that the aforementioned conditions aim to provide a general guidance on how to apply the agreement tariff rate under the ASEAN Framework. The applicability of the agreement tariff rate shall be determined by Philippine Customs upon the import of Finished Modules.

### Condition 4: Application of agreement tariff rate under the PRC Australia FTA

Agent C intends to procure goods from an Australian supplier through Agent C and sells to Company A. The goods would be shipped directly from Australia to China.

The PRC-Australia FTA is effective from December 20, 2015. According to the PRC-Australia FTA and the Order of the General Administration of Customs No.228 (“Order No.228”), the goods originating in Australia can apply the agreement tariff rates under the PRC-Australia FTA (i.e. Condition 2 as explained below) and directly transported from the territory of Australia to the territory of China (i.e. Condition 2 as explained below) by making an application for the agreement tariff rates under the PRC-Australia FTA (i.e. Condition 3 as explained below) are subject to agreement tariff rates. The conditions of being eligible for the agreement tariff rates are explained below:

Condition 1: imported goods are originated in Australia

In the event that the imported goods satisfy one of the following conditions, their country of origin shall be Australia:

1. The goods are wholly acquired or produced in Australia;
2. The goods are produced entirely within the territory of Australia exclusively from originating materials; or
3. The goods are not wholly acquired or produced within the territory of Australia but comply with the change in tariff classification, regional value content, processing procedures or other requirements as stipulated by the product-specific rules of origin under the PRC-Australia FTA.

Condition 2: Direct consignment

1. The goods remaining unprocessed after entering territory of a non-party and temporarily stored in territory of another non-party and directly transported to other non-parties for further transport, subject to the fulfilment of the conditions listed in paragraph (2).
2. The customs administration of the importing Party may require the importer to submit documentary evidence to confirm compliance with the conditions listed in paragraph (2).

Condition 3: Application of the agreement tariff rate

The consignees of the imported goods or the goods agents thereof (i.e. importers) shall submit the relevant documents to the Chinese Customs for the application of the agreement tariff rate, such as:

1. Making a claim for preferential tariff treatment either by written or electronic means before or at the time...
of importation on the grounds that the goods qualifies as originating goods;
- Possessing a valid Certificate of Origin or Declaration of Origin for the imported goods;
- Submitting the original or copy of the Certificate of Origin or Declaration of Origin and other documentation relating to the importation of the goods, if required by the Chinese Customs; and
- Submitting evidences to prove that the direct consignment criteria as explained in Condition 2 have been met, if required by the Chinese Customs.

Where a Certificate of Origin or Declaration of Origin is not provided at the time of importation of a goods, the Chinese Customs may impose the non-preferential import Customs duty or payment of a deposit equivalent to the non-preferential duty on the import goods. In such case, the importer may apply for a refund of any excess import Customs duty or deposit paid within one year from the date of importation, or any longer period as agreed for by the importing Party in its laws and regulations, provided that the requirements in the first paragraph of Condition 3 are fulfilled.

In relation to the Certificate of Origin or Declaration of Origin mentioned above, we understand that Company A would require the Certificate of Origin from the Australian supplier and the requirements for the Certificate of Origin are as follow:

1. For the purposes of obtaining preferential tariff treatment in China, a Certificate of Origin shall be issued by an authorized body in Australia.
2. Australian Customs shall inform the Customs administration of the Chinese Customs of the names and addresses of the authorized body issuing the Certificates of Origin and shall provide specimen impressions of official seals used by such authorized bodies. Any change in names, addresses or official seals shall be promptly notified to the Chinese Customs.
3. A Certificate of Origin shall be issued before or at the time of exportation when the goods have been determined to be originating in Australia.

The exporter or producer shall submit an application for the Certificate of Origin together with appropriate supporting documents proving that the goods qualify as originating.

4. The Certificate of Origin shall be completed in the English language and shall be duly signed and stamped on the required template in accordance with PRC-Australia FTA. A Certificate of Origin shall be applicable to one or more goods under one consignment and shall remain valid for 12 months from the date of issue.

5. Notwithstanding paragraph (3), in exceptional cases where a Certificate of Origin has not been issued before or at the time of exporting due to force majeure, or involuntary errors, omissions or other valid reasons, a Certificate of Origin may be issued within 12 months from the date of shipment, bearing the remark “ISSUED RETROSPECTIVELY", and remain valid for 12 months from the date of shipment.

6. In cases of theft, loss or accidental destruction of a Certificate of Origin, the exporter or producer may, within the term of validity of the original Certificate of Origin, make a written request to the authorized body that issued the original certificate for a certified copy, provided that the original Certificate of Origin had not been used to issue the certified copy and that the words "CERTIFIED TRUE COPY of the original Certificate of Origin number..." dated the certified copy shall have the same term of validity as the original Certificate of Origin.

Based on the above, it is highly recommended that the Certificate of Origin is obtained from the Australian supplier as a condition of sales in the sales and purchase agreement concluded between Agent C and Company A.

4.3 Legal and tax implications on the Envisaged Business Arrangements

4.3.1 Phase I

Company A will purchase Imported Equipment from Australian and European suppliers respectively through Agent C and Company B, while the Imported Equipment will be directly shipped from Australia and Europe, and purchase the rest equipment from local suppliers in China for the assembly of the Finished Modules. The value of the imported Equipment is around 30% of the value of the Finished Modules.

Legal implications

1. Licenses, Qualifications and Administrative Procedure
   i. Business Scope of Company A
      To carry out the business under Phase I, Company A shall have corresponding importation business in its registered business scope.
   ii. Licenses and Qualifications
      For the purchase of Chinese Equipment from its local suppliers, Company A does not need any additional license or qualification.
      For the importation of imported Equipment, other than the corresponding business scope, Company A shall also obtain below licenses and conduct below registrations ("Qualification":

      (a) Filing Form for Foreign Trade Operator (in Chinese: 外贸经营企业备案表);
      (b) Customs Declaration Enterprise Registration Certificate/ Filing Receipt of the Customs (in Chinese: 报关单位登记证/海关备案回执);
      (c) Name List Registration of the Trading Enterprise for Receipt and Payment of the Foreign Exchange (in Chinese: 对外汇贸易企业名录登记); and
   iii. Importation Permission
      The PRC laws and regulations have classified the imported goods into three categories, i.e. (a) prohibited; (b) restricted; and (c) allowed categories.

Goods falls into the prohibited category are not allowed to be imported into the PRC. Goods falls into the restricted category will need the special import license or prior approval to be imported into the PRC. Goods not indicated in the prohibited and restricted categories shall be regarded as falling into the allowed category, which generally are allowed to be imported into the PRC without restriction while automatic import approval procedure is needed to be conducted in advance for some of goods in the allowed category.

Conclusion

Provided Company A has corresponding importation business in its business scope, has obtained the Qualifications and none of the Imported Equipment has fallen into the prohibited or restricted category, it shall be entitled to conduct Phase I business without restriction.

Foreign Exchange Control

The SAFE regulates the receipt and payment of the foreign exchange of the enterprises conducting cross border trading and classes the enterprises into three categories, i.e. Rank A, B and C, according to the result of the offsite and onsite inspection and the foreign exchange compliance status of the enterprises.

Within the valid period of classification, SAFE will apply the facilitated management rules on the receipt and payment of the foreign exchange of the enterprise with Rank A while for the enterprises with Rank B and Rank C, SAFE will implement more strict management on several aspects, e.g. verification of documents, transaction modes, settlement method etc.

The regular foreign exchange transaction of the company with Rank A will be reviewed and preceded by the commercial banks and usually there is no restriction on the deferred or advanced payment/receipt clauses in its cross border trading contracts.

Nevertheless, for the following transactions, the company with Rank A is obligated to timely submit information such as the corresponding estimated foreign exchange receipts or payments or the date of importation or exportation, etc. to SAFE through SAFE’s monitoring system within 30 days from the date of importation or exportation indicated on the Customs declaration form or the declaration of foreign exchange receipts or payments:

- advanced payment or receipt for more than thirty (30) days (exclusive);
- deferred payment or receipt for more than ninety (90) days (exclusive);
- import trade financing such as forward letter of credit (including extension) for more than ninety (90) days (exclusive), overseas payment on behalf, etc.;
- where the interval between the receipt and payment under the same transaction contract exceeds ninety (90) days (exclusive) and the amount of foreign exchange receipts or payments under pay-collect then-pay exceeds US$500,000 (excluding US$500,000) equivalent; and
- any other circumstances required to be reported to SAFE.

Besides, for item i and ii, the company is required to submit information on related party transactions to SAFE, if any.

Please note that if the interval between the date of remittance and the date of original receipt or payment is more than 180 days (excluding 180-day) or where return remittance cannot be made pursuant to the provisions of Article 16 of the Implementation Regulations
Regarding the payment of price for the Imported Equipment, as required by the PRC laws and regulations, the inflow and outflow of foreign exchange funds (“Cash Flow”) shall be consistent with the imported and exported goods declared before the Customs (“Goods Flow”). Specifically speaking, the importer of the goods indicated in the Customs Declaration Form shall be the party paying for the price of the imported goods. The exporter indicated in the same Customs Declaration Form shall be the party that receives payments from importer for the imported goods. The consistency of Cash Flow and Goods Flow will be checked by the competent Customs upon the declaration of the goods and inspected by the account bank of the enterprise designated by the local SAFE upon the payment of price of the goods. Under the business structure in Phase I, Company A will be the importer and the suppliers will be the exporter. However, due to business arrangement, Company A will purchase the goods from and make the payment to the agent, i.e. Agent C and Company B instead of the suppliers/exporter of the Imported Equipment. As the result, there exists the discrepancy between the Cash Flow and the Goods Flow.

The PRC laws and regulations do not provide samples to interpret whether the business structure under Phase I is in compliance with the consistency requirement of cash flow and the goods flow, but our anonymous consultation with the local Customs and commercial banks qualified to handle the overseas payment business confirms it will be regarded as complying with the laws and regulations, provided the transactions between Company A, Agent C/Company B and overseas suppliers are true and genuine.

To verify the transactions are true and genuine, following supporting documents shall be submitted to the competent Customs and commercial banks:

i. The competent Customs

Upon the declaration of the goods, below supporting documents shall be submitted to the competent Customs together with the Customs Declaration Form:

- Relevant contracts (under the current business arrangement, the sales contracts to be submitted include: (a) sales contract between Company A and Agent C/Company B; and (b) sales contract between Agent C/Company B and suppliers);
- Relevant invoices;
- The packing list;
- The cargo manifest;
- Bills of lading (delivery notes); and
- Other documents as required by the competent Customs.

ii. The Commercial Banks

The commercial banks handling the procedure of the payment of foreign exchange funds will check below supporting documents before the payment of foreign exchange funds:

- Sales contract between Company A and Agent C/Company B;
- Invoice issued by Agent C/Company B to Company A; and
- Other documents as required by the SAFE or the commercial banks for the payment of foreign exchange funds.

Please note that the above documents are based on our general consultation with the competent Customs and several commercial banks. The specific documents and requirements might be changed as per the applicable laws and regulations and commercial banks’ internal formality from time to time. Therefore, it is recommended to consult the in-charge Customs and its local account bank to confirm the formality requirements in advance.

(4) Transfer of the Ownership and Risks of the Equipment

Company A will sign relevant sales contracts with Agent C/Company B regarding the Imported Equipment (“International Trade Contracts”) and relevant sales contracts with the Chinese suppliers regarding the Chinese Equipment (“Local Sales Contracts”).

Below matters are worth-while being noticed upon the concluding of the International Trade Contracts and Local Sales Contracts:

i. International Trade Contracts

Under the International Trade Contracts, the choice of Incoterms rules will allocate the delivery obligations, time point for transfer of ownership of the goods, insurance responsibilities etc. between both parties. The final decision of which Incoterms rule will be applied to the International Trade Contracts shall be subject to the business arrangements between the transaction parties.

ii. Local Sales Contracts

Under the Local Sales Contracts, for the best interests of Company A, the Chinese suppliers agree, both parties may adopt the “payment after delivery” mode, i.e. the Chinese suppliers deliver the China Equipment to Company A at first, the full amount of the price of China Equipment will be paid upon the completion of acceptance of China Equipment. Please note that the sequence for delivery and payment shall always be subject to the negotiation and business arrangement between contractual parties.

Notwithstanding the above, under the PRC laws and regulations, generally, the ownership and the risk of the goods will be transferred to the buyer upon the delivery of the goods unless otherwise pursuant to the PRC laws or agreed by both parties. The transfer of risk means that the buyer shall undertake any loss or damage occurred to the goods thereafter and its payment obligations shall still be satisfied regardless of the loss or damage occurred.

- Tax implications

Phase I of the Envisaged Business Arrangements is feasible. The import goods may be shipped by a supplier (i.e. suppliers of Company B and Agent C in Australia and Europe) rather than the exporter (i.e. Company B). Phase I is a general goods trading transaction from Chinese Customs and tax perspective, which is subject to CD and import VAT at Customs clearance. The importer (i.e. Company A) shall be the taxpayer of CD and VAT.

(1) CD

The tariff rate is determined by the HS code of the import goods and the applicability of the agreement tariff rate under the PRC-Australia FTA as mentioned in section 4.2. In the case that the import goods are originated and shipped from Belgium and Italy to Company A directly but the sales and purchase agreement (“SPA”) is signed between Company B (or Agent C) and Company A, the import tariff rate is applied in accordance with the country that the goods are originated.

(2) Import VAT

The import VAT is calculated based on the sum of...
4.3.2 Phase II

Company A will engage Company D to assemble the equipment collected in Phase I to the finished modules. Once the assembly is completed, Company D will sell the finished modules to Company A.

Legal implications

(1) Company D’s Qualifications to Perform the Assembly Service

To assemble the finished modules, Company D shall have corresponding business scope to carry out the said business.

(2) Contractual Relationship between Company A and Company D

To obtain the finished modules from Company D, Company A could either purchase the finished modules through a goods sale and purchase agreement or assemble the service through an assembly service agreement. However, if Company A has intention to receive a VAT invoice for the sale and purchase of goods with the product name in consistent with the HS Code of the finished modules, in such circumstance, the contractual relationship between Company A and Company D shall be (1) Company A as the seller selling equipment to Company D as the buyer (“SPA1”); and (ii) Company D as the seller selling the finished modules to Company A as the buyer (“SPA2”). SPA1 and SPA2 could be signed at the same time but shall be regarded as two separate transactions and invoices shall be issued by the seller under each transaction to the buyer.

Transfer of the Ownership and Risks of the Equipment

Under the PRC laws and regulations, generally, the ownership and risk of the goods will be transferred to the buyer upon the delivery of the goods unless otherwise pursuant to the PRC laws or agreed by both parties. The transfer of risk means that the buyer shall undertake any loss or damage occurred to the goods thereafter and its payment obligations shall still be satisfied regardless of the loss or damage occurred. In consideration that under Phase II arrangement, the parties may agree to offset the payment under SPA1 and SPA2 to minimize the influence to the cash flow, for the interest of Company A, it is worthy to agree on the transfer of ownership and risk of the goods in each agreement.

Under SPA1, it is advisable to agree that the ownership of the equipment will be transferred to Company D upon the fully payment of consideration and the risk of the equipment will be transferred to Company A upon delivery of equipment. While the definition of delivery shall be carefully defined in SPA1 according to the delivery arrangement. Since Company D will not actually pay the consideration under SPA1, the ownership of the equipment shall be legally retained by Company A.

Moreover, Company A could consider requesting Company D to provide the payment guarantee issued by the commercial bank under SPA 1 to lower the risk of not receiving payment from Company D, especially when the parties are not able to agree on the above transfer of ownership and risk arrangement.

Under SPA2, it is advisable to agree that the ownership and risk of the finished modules upon delivery of equipment to Company A, same as SPA1, the definition of delivery shall be carefully defined in SPA2 according to the delivery arrangement.

Tax implications

There are two domestic sales transactions involved in Phase II, including:

(1) SPA1: the import goods would be sold to a domestic customer, Company D, as a domestic sales transaction of goods, which is subject to VAT, local tax surcharges and EIT. Company A is the taxpayer of the said taxes.

(2) VAT and local tax surcharges

When Company A sells the import goods to Company D, VAT is calculated at the selling price of the goods. The selling price of the goods shall be reasonable. Otherwise, the tax authority may adjust the selling price.

The VAT rate of 13% would apply to goods sold after April 1, 2019, whereas local tax surcharges are calculated at a certain percentage of VAT ranging from 5% to 11% in Shanghai. The said percentage is subject to the location of Company A and the applicable tax rate determined by the competent tax authority.

EIT

The standard EIT rate is 25% of taxable profit. If Company A has accounting profit in each quarter, EIT may be paid in the form of quarterly prepayments to the tax authority.

(2) Foreign Exchange Control

Similar to SPA1, VAT, local tax surcharges and EIT would rise on the sales transaction. However, the taxpayer is Company D.

4.3.3 Phase III

Company B will enter into a goods sales and purchase agreement with Company A for the purchase of the finished modules and the finished modules will be exported by Company A to Company B with the final destination to the Philippine Customer.

Legal implications

(1) Licenses, Qualifications and Administrative Procedures

i. Business Scope of Company A

To carry out the business under Phase III, Company A shall have corresponding exportation business in its registered business scope.

ii. Licenses and Qualifications

For the exportation of the finished modules, other than the corresponding business scope, Company A shall also obtain the Qualification indicated in Section 4.3.1.

Furthermore, Company A could consider requesting Company D to provide the payment guarantee issued by the commercial bank under SPA 1 to lower the risk of not receiving payment from Company D, especially when the parties are not able to agree on the above transfer of ownership and risk arrangement.

Under SPA2, it is advisable to agree that the ownership and risk of the finished modules upon delivery of equipment to Company A, same as SPA1, the definition of delivery shall be carefully defined in SPA2 according to the delivery arrangement.

Tax implications

There are two domestic sales transactions involved in Phase II, including:

(1) SPA1: the import goods would be sold to a domestic customer, Company D, as a domestic sales transaction of goods, which is subject to VAT, local tax surcharges and EIT. Company A is the taxpayer of the said taxes.

(2) VAT and local tax surcharges

When Company A sells the import goods to Company D, VAT is calculated at the selling price of the goods. The selling price of the goods shall be reasonable. Otherwise, the tax authority may adjust the selling price.

The VAT rate of 13% would apply to goods sold after April 1, 2019, whereas local tax surcharges are calculated at a certain percentage of VAT ranging from 5% to 11% in Shanghai. The said percentage is subject to the location of Company A and the applicable tax rate determined by the competent tax authority.

EIT

The standard EIT rate is 25% of taxable profit. If Company A has accounting profit in each quarter, EIT may be paid in the form of quarterly prepayments to the tax authority.

(2) Foreign Exchange Control

Similar to SPA1, VAT, local tax surcharges and EIT would rise on the sales transaction. However, the taxpayer is Company D.

4.3.3 Phase III

Company B will enter into a goods sales and purchase agreement with Company A for the purchase of the finished modules and the finished modules will be exported by Company A to Company B with the final destination to the Philippine Customer.

Legal implications

(1) Licenses, Qualifications and Administrative Procedures

i. Business Scope of Company A

To carry out the business under Phase III, Company A shall have corresponding exportation business in its registered business scope.

ii. Licenses and Qualifications

For the exportation of the finished modules, other than the corresponding business scope, Company A shall also obtain the Qualification indicated in Section 4.3.1.
Under the business structure in Phase III, Company A will be the exporter and the Philippine Customer will be the importer. However, due to business arrangement, Company A will receive the payment from Company B and the Philippine Customer will remit to Company B by foreign exchange funds. The commercial banks handling the foreign exchange funds will check below supporting documents before the receipt of foreign exchange funds:

- Sales contract between Company A and Company B;
- Invoice issued by Company A to Company B; and
- Other documents as required by the SAFE or the commercial banks for the payment of foreign exchange funds.

Please note that the above documents are based on our general consultation with the competent Customs and several commercial banks. The specific documents and requirements might be changed as per the applicable laws and regulations and commercial banks’ internal formality from time to time. Therefore, it is recommended to consult the in-charge Customs and its local account bank to confirm the formality requirements in advance.

Legal Implications regarding the Sale of the Finished Modules

Company A will sign sales and purchase agreement with Company B for the sale of the Finished Modules. As we mentioned in Phase I, the choice of Incoterms rules in such sale contract will allocate the delivery obligations, time point for transfer of ownership of the goods, insurance responsibilities etc. between both parties which shall be subject to the business arrangements between Company A and Company B and the agreement between Company B and Philippine Customer.

4.4.1 Business Scope Expansion

Company A may considering the possibility of expanding its business scope to conduct assembly business by itself, which may enable Company A to control the assembly quality by itself and lower the risk which cannot be generated in the goods sales transactions analyzed under Phase II. In such circumstance, Company A may consider transferring its enterprise type from “trading company” to “manufacturing and trading company” by modifying its current business scope.

To assemble the Finished Modules, the business scope for consideration is “design, manufacture and sale of the mechanical equipment and machinery for construction”. The description of business scope is subject to prior communication with the in-charge authorities, e.g. local competent company of the Ministry of Commerce (“MOF-COM”) and the State Administration for Market Regulation (“SAMR”), and the business to be conducted by Company A.

The shareholder of Company A shall approve the change of business scope and amend the Articles of Association in the form of shareholder decision, then Company A shall renew the business license before the competent SAMR and file such change before the competent MOF-COM. Other certificates and registrations, such as tax registration information, foreign exchange registration, information of bank account, foreign trade operator filing, SAFE name list registration, Customs registration, E-port registration etc., shall be updated accordingly.

In addition, the change of Company A from trading company to manufacture company may trigger the project filing/approval and/or environmental assessment. The applicable administrative procedure will be decided based on the actual business and the adopted manufacturing craft.

4.4.2 Bonded Business Model

Company A may also consider adopting the bonded trade mode to perform the transaction, i.e. Processing Trade. According to the Measures of the People’s Republic of China Customs on Supervision of Processing Trade Goods, processing trade means that the business activities whereby a business enterprise imports all or part of the raw and auxiliary materials, parts, components, and packaging materials for processing or assembly, and re-exports the finished products, including "processing of supplied materials" and "processing of imported materials" ("Processing Trade").

Comparing the traditional trade mode, the most beneficial characteristic of Processing Trade mode is “bonded supervision”, which could, to some extent, relieve the cash flow burden of the Operating Company for the business and/or imported materials (if applicable).

Under the Processing Trade mode, the company who signs the import and export contracts with the overseas party will be defined as the operating company ("Operating Company") while the company who processes or is engaged to provide the processing service will be defined as processing company ("Processing Company"). The Processing Company must transfer the import process the imported material by itself or engage a Processing Company to provide the processing service. In this case, Company A is the Operating Company while Company D is the Processing Company.

Processing of Imported Materials

Processing of imported materials shall mean the business activities whereby the imported materials are imported by the business enterprise which makes foreign currency payment, and the finished products are exported by the business enterprise out of the business activities whereby a business enterprise imports all or part of the raw and auxiliary materials, parts, components, and packaging materials for processing or assembly, and re-exports the finished products, including “processing of supplied materials” and “processing of imported materials” ("Processing of Imported Materials").

Legal Implications

(1) Licenses, Qualifications and Procedures

In order to enjoy the tax benefit under such mode, in addition to the licenses, qualifications and procedure issues we discussed under section 4.3, the Operating Company and Processing Company shall strictly comply with below requirements stipulated by the Customs:

i. Manual of Processing Trade Goods

The Operating Company shall handle the procedures for setting up of the manual of processing trade goods (“Manual”) with the competent Customs where the Processing Company located.

Unless otherwise stated, when handling the formalities for the setting up of the Manual, the Operating Company shall faithfully report to the Customs the trade method, unit

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consumption, ports of import and export, as well as the commodity names, commodity numbers, specifications and types, prices, origins and other information of the imported materials and finished export products and shall submit the international trade contract. Where the Operating Company outsources the processing service to a Processing Company, it shall submit the processing service contract entered into by and between it and the Processing Company.

The processing and exportation the finished products shall be within the prescribed time limit and shall report to Customs for verification and inspection within 30 days from the day of export of the last batch of finished products under the Manual or the day of expiration of the Manual.

ii. Qualifications of the Processing Company

The Processing Company shall either obtain the Certificate of Production Capacity of Processing Enterprise in Processing Trade or fill out the information via the online system of the Production Capacity of Processing Enterprise in Processing Trade, and make commitment to the authenticity of the information.

Besides, the Processing Company shall be equipped with the plant, processing equipment and workers corresponding to its business.

iii. The Usage and Storage of Processing Materials

Materials for processing trade goods shall be used for their designated purposes only. Besides, the processing trade goods/materials and non-processing trade goods/materials shall be stored separately. Processing trade goods/materials shall be stored at designated places registered with Customs. Where the place of storage of processing trade goods/materials changes, the Operating Company shall inform the Customs in advance, and file for the change of the place of storage.

iv. Additional Guarantee

In the event of any of the following circumstances, the competent Customs may require the Operating Company to provide guarantee of the same amount as that of the payable taxes or provide a letter of guarantee from a bank or a non-banking financial institution while handling the formalities for the setting up of the Manual:

- Leasing of the plant or equipment;
- Engaging in the processing trade for the first time;
- Having applied for an extension of the Manual more than two times (inclusive);
- Handling the formalities of processing trade in different locations; and
- Being suspected of breaking rules and Customs has placed the case on file for investigation and the case has not yet been concluded.

(2) Contractual Relationship between Operating Company and Processing Company

Under the mode of “processing of imported materials”, Company A, as the Operating Company, shall enter into a processing service contract with the Processing Company, such as Company D, which will not cause the transfer of the ownership of the Equipment. The Processing Company will collect processing fee from the Operating Company. The corresponding service contract shall also be submitted to the competent Customs upon the application for setting up the Manual.

(3) Legal implications of Processing Service Contract

Under the processing service contract, the ownership of the Equipment will not be transferred to Company D but remained with Company A. Therefore, in case the Equipment and/or the Finished Modules is damaged or lost due to force majeure event, Company A shall undertake the risk by itself. However, in case the Equipment and/or the Finished Modules is damaged or lost due to the reasons attributable to Company D, it shall compensate Company A for such damage or loss.

Our analysis on the legal implications under section 4.3.1, 4.3.2 and 4.3.3 shall also apply for the Processing of Imported Materials mode.

V. Tax implications

The bonded business model refers to the purchase of Imported Equipment by Company A as bonded goods for processing (i.e. Processing of Imported Materials, in Chinese “进料加工”), which may be delivered to the bonded warehouse located outside the free trade zone as agreed by Chinese Customs during the Customs declaration. Company A may further request Company D to perform the assembly services and issue special VAT invoices to Company A for the assembly services (i.e. outsourced processing with imported materials, in Chinese “料件加工委托加工”). In this regard, Company A would maintain the ownership of goods and enter into a service agreement with Company D.

From the PRC tax perspective, the bonded business model has the following tax implications:

- No CD and import VAT when Company A imports the Imported Equipment.
- No output VAT, local tax surcharges and EIT when Company A sells the Imported Equipment to Company D.
- Company D shall issue the special VAT invoice at a VAT rate of 13% for the assembly services to Company A. The input VAT incurred from the assembly services may be deducted against Company A’s output VAT.
- The VAT ER method may only apply to the Imported Equipment. The VAT ER method is not applicable to the assembly service fee.

In comparison with the envisaged business arrangement, the Processing of Imported Materials provides the tax benefits of improving the cash flow of Company A. However, certain Customs procedures would be required to carry out the bonded business model. Implementation details are not further analyzed in this report and may be provided upon your further request.

Processing of Supplied Materials

Processing of supplied materials shall mean that the business activities whereby the imported materials are provided by an overseas enterprise, and the business enterprise, without the need to make foreign currency payment for importation, carries out processing or assembly based on the requirements of the overseas enterprise and collects processing fee only, with the finished products being sold by the overseas enterprise (“Processing of Supplied Materials”).

Generally speaking, the overseas enterprise involved in the Processing of Supplied Materials mode shall be the same one and the Operating Company shall return the finished products to the overseas enterprise that provides the imported materials. Since under current Transaction, the Finished Modules shall be delivered directly from China to Philippine by Company A to Philippine Customer, the Processing of Supplied Materials mode is not suitable for the envisaged business arrangement.

This article is for illustration purpose only, and shall not be regarded as a comprehensive or formal legal opinion concerning the subject contained in them. The article is presented solely to analyze the major legal and tax issues relating to the subject therein and is prepared based on our understanding of the relevant laws and regulations in the PRC which are currently applicable. Taking into account the particulars in specific case and the constant renovation of the Chinese legal environment and change of interpretive criteria of relevant government authorities, it is advised to have an analysis on specific cases that might incur in future.
October 2019

The “Reduce-Reuse-Recycle” initiative is a joint effort by all households, schools, businesses, and every community to preserve the environment and avoid excessive pollution.

By Rose Salas

What Are The Contributions Of EBusiness To Reuse And Recycle Products?

- EBusiness use paperless transactions and ads.
- Once a customer purchases from a shop, an invoice or receipt is recorded in the account user’s subscription. Instead of printing out their brochures and marketing campaigns, online companies use the internet technology to promote their products. Millions of tons of paper are eliminated annually, because online store owners do not use paper anymore to print out product leaflets, catalogues, orders and sales forms. Aside from saving from operational expenses, they help the community to grow greener!
- EBusiness provides project management with Recycle & Reuse Materials Mobile App.
- Not many people or even companies have the complete knowledge of how they can recycle and reuse products. For example, there are construction companies who have materials for disposal that can still be used and recycled after a project is completed. What the Mobile App does is, it allows you to list the materials that are available for recycling or reusing. The lists are saved in the Cloud server of the app maker, which can then be printed or emailed to non-profit organization or group you’d like to donate it to. This initiative helped a lot of communities, especially those who receive donations of any kind. There are hundreds of apps available about Reduce, Reuse and Recycle, which can teach even the young kids to be environment-friendly. These apps are both accessible in any Apple or Android gadgets. This greatly helps in reducing waste that causes environmental impacts.
- EBusiness use Reverse Logistics.
- Reverse logistics is a strategy wherein a company collects and reuse parts of their distributed goods. For example, the counter company UPS allows customers to reuse boxes to ship out items. They even have their own recycling services where they pick up goods and properly dispose it. Telecommunications company now supports this campaign by allowing its consumers to return unused or old smart phones and get discount offers when they purchase a new one. Clothing stores also encourage their patrons to donate old clothes, which they will recycle, and these clothes are turned into All-Recycled Clothing line. With this reverse logistics, a company can not only save in their material costs, but most of all, reduce harmful waste in the environment.

How Can The EBusiness Sector Help In The Reuse And Recycle Campaign?

There are even more ways on how EBusiness can improve and develop practical ways to reuse and recycle. Here are a few things you need to consider now if you have an online business.

1. RETURN AND REUSE

Reusuable shopping bags became very popular for many years now. You can see them being used by shoppers, especially in grocery stores. Online retailers can use the same concept when sending parcels like what Royal Mail in the UK uses, which is a reusable bag, called Repack. It is an excellent alternative to bubble wraps since the designer made it with a cushion inside. Once delivered, the bag can be returned so it can be reused. This bag can last up to 200 cycles, therefore reducing waste that causes environmental impacts.

2. USE ECO-WRAPS AND PACKAGING MATERIALS

Avoid too much use of plastic and paper in your items. Use eco-friendly packaging alternatives when shipping products to your buyers. For example, instead of using plastic bubble wraps when shipping fragile items, use an option like a wrap made of environment-friendly materials, like corrugated cardboard. This cushion paper will replace the use of the traditional bubble wraps and films and protect the delicate items while in transit on delivery. There are plenty of alternatives that you can find like corrugated paper and enclosures, boxes, air pillows, and parcel envelopes, which are made of recycled contents.

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3. NO TO STYROFOAM
When you need loose fills for your packaging, use the biodegradable and eco-friendly loose fill packing peanuts. It is made from non-toxic sources, like wheat and corn starch. It easily dissolves in water, unlike Styrofoam that releases toxic substances and does not break down easily, causing them to persist in the environment for many years.

4. PROMOTE AND SELL ECO-FRIENDLY PRODUCTS
If you can get and choose a supplier with green alternatives to the product you are selling, it would be a great idea to switch to it. Natural and organic products can keep your buyers away from dangerous, hazardous, or toxic chemicals that can be life-threatening. Your business can help protect and save the environment in many ways and, at the same time, help your buyers become aware of healthy-living conscious about protecting the environment.

5. RECYCLE ELECTRONIC WASTE
As an online retailer, you must be equipped with the latest electronic gadget that you use for your business. You must help in taking care of the environment by reducing e-wastes and recycling them. For example, if the gadgets are already defective and broken, you can search from the Internet of the nearest E-Waste Recycling Drop-Off location in your area. If you are buying or upgrading, you can take advantage of the exchange, and send-back offers from companies like Samsung, Sony, LG, Dell, etc. for your mobile phones, computers, and tablets. If you are generous enough, your old gadgets can also be donated.

Many countries globally are already shifting to eco-friendly packaging systems for their online businesses. Yet, some are still not ready for the transition due to cost or operating expense it will incur, particularly to small-scale sellers. However, it will not take a long time for everyone to be in this direction, since we all want to protect the only planet we live in. Soon, even the vehicles that are used for delivering the products will become eco-friendly cars and trucks.

This is the future of eBusiness in terms of saving the environment.

eBusiness can make a big impact in this 3R campaign. Online sellers can significantly contribute to making people become aware and more conscious about protecting the environment. More often than not, buyers are only concerned about their buying practice, spending, and shopping but with the efforts that the online community of retailers and shops to take their part in this campaign will, consumers will soon become eco-friendly enthusiasts. They will realize not only the importance of using biodegradable packaging but more importantly, brandize products that will improve the quality of life, protect them from diseases or illnesses, while supporting long life and good health through natural, organic products.

3. No to Styrofoam
4. Promote and sell eco-friendly products
5. Recycle electronic waste

FOOD DELIVERY FIRM, MEITUAN, POSTS THE FIRST QUARTERLY PROFIT SINCE LISTING
China’s Meituan Dianping (3690.HK), an online food delivery-to-ticketing company, posted its first quarterly profit as a listed firm, as a surge in summer food delivery orders helped it beat competition from rivals, including Alibaba-backed Ele.me.

Meituan, backed by Chinese gaming giant Tencent Holdings Ltd (0700.HK), said profit increased to 875.8 million yuan ($123.66 million) in the three months ending June 30th, compared with a loss of 7.72 billion yuan in the year-ago period, its first profit since listing in last September.

The results were driven by the company’s food delivery segment, which accounts for more than half of its revenue, as it also achieved positive adjusted operating profit for the first time, said chairman and chief executive, Wang Xing.

Apple is in the final stages of certifying premium smartphone displays from Chinese tech firm BOE Technology Group for the iPhone, according to a report from the Nikkei.

The Nikkei, citing sources, said that Apple was “aggressively testing” BOE’s flexible organic light-emitting diode (OLED) displays, adding that the company would decide by the end of the year whether to take the company on as a supplier of the panels.

The move is aimed at cutting costs and reducing Apple’s reliance on Samsung, the Nikkei reported.

The U.S. tech giant is expected to unveil its new flagship phones in September, and speculation has grown over what Apple will bring to the table with the latest

Chinese firm wants to give cloned pets the original’s “memories”
Garlic is a fluffy feline furball with a pink nose and tiny grey ears — just like the cat he was cloned from. “My cat died of urinary tract disease,” Garlic’s owner, Huang Yu, told the Global Times. “I decided to clone him because he was so special and unforgettable.” But while Garlic is biologically identical to his predecessor, he’s not the same cat — he has his own personality and is forming his own memories.

Now that China’s Sinogene Biotechnology Company has unveiled the nation’s first cloned cat, however, it says the next level will be to use artificial intelligence to transfer memories from a beloved pet to its clone.

Sinogene’s general manager told attendees at a press conference that “to make the cloned animal share the same memories with the original, the company is considering the use of artificial intelligence or man-machine interface technology to store them or even pass the memories to cloned animals,” wrote the Global Times, a paper run by the Chinese communist party.

Source: Reuters

Meituan is a so-called super app, offering travel bookings, restaurant recommendations, movie ticketing, ride-hailing, bike sharing and mapping, as well as food delivery.

Source: Reuters

Source: CNBC

Source: Futurism.com

Visit us online: btianjin.cn/190910
NO HUMANS NEEDED: CHINESE COMPANY USES AI TO READ THE NEWS, BOOKS

At the China Online Literature+ conference held last week, Chinese search engine, Sogou, announced plans to create artificial intelligence-powered avatars that look and sound like two of the country’s most famous authors — taking the experience of listening to an audiobook to an entirely new level.

The first authors to get the AI. avatar treatment will be Yue Guan and Bu Xin Tian Shang Diao Xian Bing. But if the project is successful, it could be a jumping off point for the industry to create avatars of even more authors.

The audiobook industry is already big business in China and is expected to be worth more than $1 billion in the country by next year, according to iMedia Research Group. AI avatars have the potential to give that an even greater boost.

There are some clear benefits to employing AI. avatars to read books. Authors can spend weeks in the recording studio reading their own books for the audio version, or they can opt to use text to speech technology that can sound robotic and lack human inflection. Sogou has been able to create AI. doppelgangers using a combination of tech to speech technology, video clips of the humans they’re mimicking, and machine learning to bring the avatars to life.

PAY JUST WITH YOUR FACE

A TikTok video spotted by Chinese technology expert, Matthew Brennan, shows how facial recognition is seeping into everyday life in China.

Brennan posted what appears to be a Chinese TikTok video to Twitter, showing a young woman buying a drink from a vending machine using only facial recognition as payment verification. At no point does she pay with card, cash, or her phone.

The video shows the woman walking up to the machine, standing in front of it for her identity to be verified, then opening the vending machine door to retrieve a drink.

BAIDU INVESTS $202 MN IN NEUSOFT HOLDINGS, TO DEVELOP SMART CITY, HEALTHCARE & EDUCATION TECHNOLOGY

Baidu China’s search engine giant recently announced that it has invested 1.4 billion in technology firm Neusoft Holdings to develop smart city, healthcare, and education solutions. Baidu’s chief technology officer, Wang Hailong, will serve as a board director for Neusoft, which was founded in 2011 in the north-eastern Chinese city of Dalian.

Baidu has shown continued interest in Neusoft over the course of the year, signing a partnership deal with Neusoft Corporation and investing in Neusoft Medical Systems, subsidiaries of Neusoft Holdings. In the medical field, the companies will work together to develop services, including AI medical diagnosis, hospital cloud services, medical big data, and healthcare management, our sister site TechNode Chinese reported. In education, Baidu and Neusoft plan to develop AI-driven education services, as well as online courses. The companies will also work on smart city, smart transportation, smart government, and industry cloud applications.

THE FUTURE OF LOGISTICS TECH: A CHINESE CENTURY?

The U.S. has historically enjoyed a global economic advantage in part due to superior supply chains. In 1956, Malcom McLean invented the modern intermodal shipping container. Beginning in 1975, deregulation of the U.S. transportation sector enabled companies to thrive in non-asset truck brokerage. FedEx spearheaded next-day logistics via its high-volume overnight centre in Memphis. And Amazon.com is driving even more aggressive changes via its Amazon Prime membership program, conditioning consumers to expect same-day delivery.

Today, we are in the world of digital logistics. Robotics is rippling through the supply chain, and automation is poised to reshape logistics. The global warehouse robotics market today is approximately $2.3bn, growing at close to 20 percent annually. Robots can be used for a variety of applications, including storage; retrieval; transportation; pick-pack and ship, forklifts, and more. As e-commerce continues to expand, robotics adoption will also accelerate. Nowhere are these investments more aggressive than in China. Today, China leads the world in industrial robots, representing more than 30 percent of the market. Close to 150,000 robots will be bought in China this year. China is also expected to exceed the U.S. and Europe in the installed base of robots in factories this year.

These trends will accelerate. The Chinese government has established a series of goals to transition from low-cost labour to high-value intellectual property. In 2013, China’s Ministry of Industry and Information Technology announced “Guidance on Promotion of Development of the Robot Industry.” China intends to produce at least 100,000 robots per year by 2020, as part of a program to build industrial parks and provide tax incentives to drive adoption. These policies are already starting to bear fruit, as robotics manufacturers, such as ABB, are now building in China.

VTB IN TALKS WITH CHINESE COMPANIES OVER POTENTIAL EN+ INVESTMENT

Russian bank VTB is in talks with Chinese companies over a potential investment in energy-to-aluminium group EN+. people with knowledge of the talks told the Financial Times. London-listed EN+, which was under US sanctions until January this year, controls Rusal, Russia’s largest aluminium producer and the world’s largest outside China. VTB, the Kremlin-controlled bank that owns 21.68 per cent of EN+, has been approached by two Chinese state-related industrial groups about a potential share sale, according to two people briefed on the talks.

The interest from the unnamed Chinese groups was primarily driven by environmental concerns in China that have increased desire for low-carbon industrial production assets, the second person said. “Chinese companies want to be renewable and so EN+ fits that profile,” EN+ and VTB declined to comment.

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The use of facial recognition payments has been picking up speed according to a July article from the South China Post. These are in part facilitated by the ubiquity of apps like WeChat and Alipay, which are used on a day-to-day basis by the population. According to the South China Post (which is owned by Alipay’s parent company Alibaba), Alipay has now installed its Dragonfly facial recognition system in over 300 cities in China after rolling it out late last year.

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THE STRATEGY BEHIND TIKTOK’S GLOBAL RISE

Few tech start-ups have taken off as quickly as Beijing-based ByteDance, the creator of the highly popular 15-second video app, TikTok. In just two years, TikTok has emerged to rival companies like Netflix, YouTube, Snapchat, and Facebook with more than one billion downloads in 150 markets worldwide and 75 languages. On the app, homemade videos showcase everything from comedy to lip syncing to dog grooming tips that users create and share on their phones. The scrappy, goofy, fast-moving content has hooked young audiences around the world.

Since little translation is required, TikTok reaches well beyond other successful Chinese apps, such as Tencent’s messaging app WeChat, which is ubiquitous in China, but mostly used elsewhere among Chinese communities keeping in touch with people back home. Chinese entrepreneurs, such as ByteDance founder, Zhang Yiming, are showing that they can succeed in an openly competitive market internationally rather than only in China. His strategy of dual versions of TikTok – one for China’s internet censored market and another rather than only in China. His strategy of dual versions of TikTok can succeed in an openly competitive market internationally instead of being only in China. ByteDance founder, Zhang Yiming, are showing that they can succeed in an openly competitive market internationally rather than only in China. His strategy of dual versions of TikTok – one for China’s internet censored market and another rather than only in China. His strategy of dual versions of TikTok can succeed in an openly competitive market internationally instead of being only in China.

From the start, Zhang, a former Microsoft engineer and Chinese serial entrepreneur, had the goal of running a borderless company. Zhang, 36, is among a new generation of home-grown Chinese tech leaders with an international vision inspired by the early success of China’s tech pioneers of the late 1990s, such as Robin Li of Baidu, Jack Ma of Alibaba, and Pony Ma of Tencent. ByteDance has a valuation of $78 billion – one of China’s 86 “unicorns” in 2018.

P TT AND CHINESE COMPANY TEAM UP TO MAKE EVS IN THAILAND

National oil and gas conglomerate, PTT Plc, announced on Tuesday that it will team up with Chinese electric vehicle manufacturer, WM Motors, to study the feasibility of EV car production in Thailand. PTT planned to invest in a manufacturing plant for EVs in Thailand to further develop battery and plastic products under the PTT Group of companies, the company announced on its PTT News Facebook account.

WM Motors manufactured electric vehicles under the Weltmeister brand. It had sales of over 10,000 EVs in China. PTT said WM Motors has its own assembly plant for new generation vehicles with the purpose of further development in mobility as a service, also known as the MaaS platform. The feasibility study would aim at appointing PTT the authorised EV distributor for WM Motors, for both domestic sales and exports.

“PTT plans to be the EV export hub in Southeast Asia,” the announcement said. “The collaboration will be in research and development activities for EV batteries and other

CHINA OUT IN FORCE AT FRANKFURT CAR SHOW, LED BY BATTERY BUILDERS

Chinese suppliers and manufacturers have stepped up their presence at the Frankfurt auto show, capitalizing on a strong position in electric technologies forced on European carmakers by regulators seeking to curb pollution.

Though the number of exhibitors has fallen to 800 in 2019 from 994 in 2017, Chinese automakers and suppliers now make up the biggest foreign contingent, with 79 companies, up from 73.

Several European and Japanese carmakers, including Fiat, Alfa Romeo, Nissan and Toyota, have skipped the show as the industry cuts costs. Europe’s automakers face multibillion-euro investments to develop electric and autonomous cars, forcing them to rely on Chinese companies for key technologies, such as lithium ion battery cell production, an area where Asian suppliers dominate.

WHY CHINESE VENTURES ARE GAINING ON SILICON VALLEY START-UPS

In Shenzhen’s glitzy financial district, a five-year-old outfit creates a 360-degree sports camera that goes on to win awards and draw comparisons to GoPro. Elsewhere in the Pearl River Delta, a niche design house is competing with the world’s best headphone makers. And in the capital Beijing, a little-known start-up becomes one of the biggest purveyors of smartwatches on the planet.

Insta360, SIVGA and Huami join drone maker DJI Technology among a wave of start-ups that are dismantling the decades-old image of China as a clone maker. The “Hongqi S9” is displayed at the 2019 Frankfurt Motor Show (IAA) in Frankfurt, Germany, on September 10th, 2019. REUTERS/Wolfgang Rattay

The threat they pose is one of unmatchable geography: by bringing design expertise and innovation to the place where devices are manufactured, these companies are able to develop products faster and more cheaply.
By Stella Law

In 30 or 40 years, we'll have microscopic machines traveling through our bodies, repairing damaged cells and organs, effectively wiping out diseases. The nanotechnology will also be used to back up our memories and personalities.

Anyone alive come 2040 or 2050 could be close to immortal. The quickening advance of nanotechnology means that the human condition will shift into more of a collaboration of man and machine, as nanobots flow through human blood streams and even eventually replace biological blood.

That may sound like something out of a sci-fi movie, but research well underway today is leading to a time that would have seemed far-fetched not too many years ago.

The definition of human is that we can extend ourselves in many ways. This is an extension of who we are. Ever since we picked up a stick to reach a higher branch, it's the nature of human beings to extend ourselves in many ways. Today, researchers at MIT are already using nanoparticles to deliver killer genes that battle late-stage cancer. The full realization of nanobots will be an extension of who we are.

The sense of time will be running in and out of control. With this kind of work going on now, by 2024 we'll be adding a year to our life expectancy with every year that passes. It's an extension of who we are. Ever since we picked up a stick to reach a higher branch, we've extended who we are through tools. It's the nature of human beings to change who we are.

By 2040 or 2050, the new technique leaves healthy cells undamaged. So far, tests have shown that new hope to patients with inoperable tumours. So far, tests have shown that nanotechnology to blast cancer cells in mice with 'tumour busting' genes, giving new hope to patients with inoperable tumours. So far, tests have shown that nanotechnology will scout out organs and cells that need repairs and simply fix them. It will lead to profound extensions of our health and longevity.

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Of course, people will still be struck by lightning or hit by a bus, but much more of our health and longevity will be under our control. If nanobots can swim in, or even replace biological blood, then wounds could be healed almost instantly. Limbs could be regrown.

But that doesn't mean there aren't parts of this future that don't worry him. With nanotechnology so advanced that it can travel through our bodies and affect great change on them, come dangers, as well as benefits.

The nanobots, he explained, will be self-replicating and engineers will have to harness and contain that replication.

"You could have some self-replicating nanobot that could create copies of itself, and ultimately, within 90 replications, it could devour the body it's in or all humans if it becomes a non-biological plague." Technology is not a utopia. It's a double-edged sword and always has been since we first had fire.
FORGET THE 4P’S AND WELCOME THE 4E’S OF MARKETING

By Andy Marsh

The marketing world is changing. While most of us grew up with the 4Ps of marketing - product, price, place, and promotion - they are now old news, and it is the era of the 4E's - experience, exchange, everyplace and evangelism - of marketing.

Previously, the environment was different as marketers were sovereign, product differences lasted long, and the audiences were large, and an extensive media campaign was enough to get to them. However, the current market has fragmented audiences, product differences last a few seconds, and the media campaign was enough to get audiences were large, and an extensive media campaign was enough to get.

If the market were as it was before, the 4Ps would be reigning supreme. If the market were as it was before, the 4Ps would be reigning supreme. However, the strategy can be the typical case of the snake biting its tail. Though e-commerce is growing, it only accounts for about 10% of sales, while retail sales account for about 90%. Therefore, everyplace does not have to be online, and it can be improving face to face and customer to customer experience.

However, there is an infographic that can help you drive more sales through your online channels. Solving these pain points will improve your everyplace strategy drastically.

1. PRODUCT TO EXPERIENCE

Traditional marketing advises us to focus on product features. It recommends finding one consumer benefit and marketing it repeatedly to the target audience.

This tactic would have worked in the past, as product differences lasted for years. However, you will be lucky to get a product difference advantage of more than six months. Product differences only last for a few weeks in the financial sector, and a matter of minutes in e-commerce.

In a world, where it is increasingly difficult to differentiate your product, we recommend you focus on customer experience. Start by discovering the customer journey; how, when, and where they shop, the influencers, and even what happens after they buy. Then focus on a pain point in the customer journey and solve that.

Improving customer experience increases loyalty and repeat sales.

2. PLACE TO EVERYPLACE

Owing to limited options, retail was the only place customers could access products. However, customers can now create their paths to purchase. It can be in store or online. It can be on social media or an online store. It can be on phone or a laptop. It is now upon products. However, customers can now create their paths to purchase. It can be in store or online. It can be on social media or an online store. It can be on phone or a laptop. It is now upon places.

3. PRICE TO EXCHANGE

Price was as simple as giving a product for the money. Marketers and retailers, therefore, focused on keeping the price down, so they can be competitive. However, this is a race to the bottom, so they can be competitive. Therefore, to attract high-value customers, it’s time that marketers focus on exchange over amount.

Exchange involves being aware of the value of things and using this as the unique selling point. Marketers have to know what could drive customers to give them attention and even permission, which are a premium now. It could be anything from respecting the customer’s time, a pay-it-forward gift, or a simple thank you making the customer feel appreciated.

4. PROMOTION TO EVANGELISM

Finally, it is time that marketers focus on evangelism over product promotion. Traditionally, promoting a product to a target audience was effective, as it has emerged as a more powerful and affordable way to drive sales.

Evangelism marries the oldest form of persuasion word of mouth, which drives 13% of sales with its newest, which is social networking. However, 2/3 of word of mouth is still person to person, and thus you should focus on improving the customer experience.

You should craft a mission statement that elicits emotion, and passion and ensure it relates to your target audience. By finding energy and passion in what you are selling, potential customers will plug in, become emotionally invested, and eventually, brand ambassadors (evangelists).

CONCLUSION

The 4Ps have been instrumental in business growth, but it is about time that retailers and marketers evolve. Embracing the 4E’s, experience, exchange, evangelism, and everywhere puts you and your business to a better place for success.

Visit us online: btianjin.cn/1910112
Businesses are quite concerned about skills shortage worldwide, and it is for a very good reason. As it becomes more and tougher for them to assess their future needs, they tend to find a serious gap in skills shortage. This is gravely affecting the quality and efficiency of their workforce and productivity.

Research states that two-third of employers will be facing skills shortages in the current year, whereas the war for emerging and new talent has long been on the agenda for Human Resource, which measures are being implemented to take care of skill shortage today. The Office for National Statistics revealed that the productivity and unemployment levels currently are 30 percent less than what was predicted a decade ago. This has greatly impacted the UK’s economic progress, which indicates that the state could be left staggering behind due to lack of skilled professionals.

Though the reasons behind skill shortages are complex, there are two main forces at play: growing demand for technical skills and experts due to rapid innovation and record-high employment levels. In a candidate-driven market, the most experienced, skilled and expert candidates have several options in hand when it comes to deciding on their next job. As a result, the Human Resource teams are facing challenges to compete and offer professionals attractive perks to ensure they find the right people for the right job. Hence, they advertise the gains in a way which helps them resonate with their workforce and polish their skill set.

Old or new, the workforce must embrace the Artificial Intelligence and digital revolution. If utilized well, technology can greatly help companies worldwide retain and give their employees more autonomy and time to rework their skills with Artificial intelligence focusing on the less important activities. This shows that companies do not necessarily have to maintain a constant flow of emerging talent if AI capabilities, which benefit the employees, can be developed within and planned activities, such as AI training and on-job training programs are incorporated.

Training existing workforce according to the prevailing trends help businesses engage employees who are on the outlook to learn and, as a result, it benefits the organization by not only increasing the productivity levels, but also help them retain workforce and polish their skill set.

Training existing workforce according to the prevailing trends help businesses engage employees who are on the outlook to learn and, as a result, it benefits the organization by not only increasing the productivity levels, but also help them retain workforce and polish their skill set.

How can companies address the skills shortage crisis?

Below are some of the vital means as to how companies can address skill shortages and keep their routine operations smooth.

Invest in on-job Training

Smaller companies understandably feel that they do not have the required resources to fulfil the cost of training, either the cash to pay for training programs or the depth of staffing to release their workers for training sessions. However, if the company is facing skills shortage, ignoring on-job training can perhaps be a false economy – it is likely easier to train employees on the job than hiring new employees.

Expand the Search

If businesses cannot find the right people for the right job, it is very much possible that they are not looking at the right place. Consider different approaches to recruitment – that could be anything from attending job fairs to posting jobs on different portals, especially social media. Keep your website updated with current vacancies.

Focus on Employee Retention

If the company is struggling hard to find new talent, it just cannot afford to lose the skilled employees it already has. Successful businesses work hard at creating a company culture that encourages their employees to stay. This does not mean more pay – recognition or flexible working environment, for instance, can be just as attractive to some.

Last, but not the least, it is quite evident to fix the current skills shortage crisis, a multidisciplinary strategy is required. A plan that helps boost the way employees execute work and enjoy learning is what will certainly help grow the internal talent and will also help attract new skills. More than ever, Human Resource must step in and solve the crisis by championing a system for future workforce. While pipelining emerging talent is important, it is not only increasing the productivity, but also help them retain their employees.

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Welcome to Tianjin's Second Annual "Healthy Life" Fair & Back to School BBQ

9:00AM -- 3:00PM  October 13, Sunday
Wellington College International Tianjin
Tickets available at AmCham Tianjin Office and Wellington College International Tianjin

Individual ticket price
Adult: RMB150
Children (4-12): RMB80
Children (0-4): Free

***Entry fee includes lunch and beverages (including beer), activities for whole family. Tickets should be ordered and paid for in advance. No tickets will be sold at the door.

Please scan this QR code to book tickets.

EUROPEAN CHAMBER: EXCLUSIVE POLICY UPDATES & QA SESSION WITH TIANJIN CUSTOMS
天津海关最新政策解读会 -
转让定价、原产地证等（中文）
European Chamber Tianjin Chapter held an exclusive policy updates & QA session with Tianjin Customs on the 9th of September, 2019. Nearly 20 executives from member companies including Airbus, Novo Nordisk and Siemens, etc. attended the meeting and communicated directly with 3 officials from Tianjin Customs. At the meeting, not only were the discussions and explanation on the latest policies elaborated, but the information regarding progress in the researching and surveying work for taxation policy making was shared, as well. It is highly encouraged for EU enterprises to participate in the survey so that the business environment can be collectively optimised with more favourable policies being carried out.

EUROPEAN CHAMBER: CEO EXCHANGE - LOCAL SUPPORT AND BEST PRACTICES OF INTELLIGENT MANUFACTURING (CHINESE SESSION)
十人餐会 - 跨国公司制造工厂的智能化改造和政策支持（中文会议）
On 11th of September, 2019, a CEO exchange on best practices and experiences in the field of intelligent manufacturing transformation and innovation was organized by European Chamber Tianjin Chapter. 10 CEOs from member companies, such as Volkswagen Automatic Transmission (Tianjin), Vestas Wind Technology and GEZE Industries (Tianjin), etc. participated in this special event. Meanwhile, officials from Tianjin Municipal Bureau of Industry and Information Technology also explained the up-to-date policies with regards to this particular field.
**NEW INDIVIDUAL INCOME TAX LAW UPDATE 10.09.2019.**

On Tuesday, September 10th, the German Chamber of Commerce (GCC) organized a half-day seminar on the topic of “New Individual Income Tax Law Update” at the GCC Tianjin Office.

Recently, the Chinese tax authority released several individual income tax (IIT) regulations on foreign expatriates in China, which finally clarified many unclear issues in previous practices. Comparing to the old IIT scheme, the new regulations indeed can be considered as a big relief to certain extent, in particular regarding the six-year rule. For foreign expatriates holding high management positions, or with dual positions in the group, or receiving share-based incentives and bonus, the new regulation also provides general guidance on relevant IIT treatments.

During this event, the speakers outlined the changes in the IIT law, presented implications for labour contracts and salary packages, and also shared experiences in foreign expatriates’ tax compliance in China. 18 attendants took part in this seminar and discussed about the ambiguous issues in the Q&A session, which need to be noticed in future practice. In the end, the speakers summarized the future IIT investigation trends.

**UPCOMING EVENTS**

- **7th German Chamber Soccer Cup Tianjin 2019**
  - Date: October 20th
  - Time: 09:00-17:00
  - Venue: Wellington College International Tianjin

- **International Assignment**
  - Date: October 30th
  - Time: 13:00-17:00
  - Venue: GCC Tianjin Office

- **Interpretation of Foreign Investment Law**
  - Date: October 31st
  - Time: 13:30-16:00
  - Venue: GCC Tianjin Office

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**CONRAD HOTELS & RESORTS DEBUTS IN TIANJIN**

**CHINA’S HISTORIC CULTURAL CITY**

- **Opening of Conrad Tianjin Underscores Hilton’s Strong Growth in China**
- **A New Iconic Landmark Brings Innovative Architectural Design and an Inspirational Luxury Stay Experience to Tianjin**

On August 20th, 2019, Hilton announced the opening of Conrad Tianjin, a new 10-story, 375-room, state-of-the-art hotel in Nankai District. Located in the heart of a thriving business hub, the property takes its design inspiration from the city’s historical and cultural landmarks, reminiscent of architecture from the late 19 and early 20 centuries. With statly hotel rooms enclosing a European courtyard, and stunning interiors that showcase a blend of modern chic and Art Deco, Conrad Tianjin is poised to be a destination for the world’s smart luxury travelers.

"Tianjin is not only one of China's most strategically important cities, but one of Hilton's as well, as investments are poured into developing the city as a global centre for industry, business and culture through the Beijing-Tianjin-Hebei Integration Plan,” said Qian Jin, area president for Greater China and Mongolia, Hilton. “With the opening of Conrad Tianjin, Hilton will accelerate the region's tourism development and fulfill the ever-growing demands of business and leisure customers, consistently delivering personal services and curated experiences that elevate their journeys.”

“As we continue to debut landmark properties in the world's most sought-after destinations, it is a tremendous honor to introduce our Conrad brand to Tianjin. With intuitive service, culinary excellence and a design inspired by the city's heritage, Conrad Tianjin is set to exceed the expectations of global travelers, whether they are long-stay business guests or new adventure seekers,” said Martin Rinck, executive vice president and global head, Luxury & Lifestyle Group, Hilton. "Conrad Tianjin is the perfect destination that will garner recognition from Chinese, as well as international, guests, ensuring they feel relaxed and inspired throughout their stay in this historic city.”

**STYLISH LOCALE**

Conrad Tianjin is located in the heart of the vibrant Nankai District, and nestled within the premier Luneng Ecological Zone, comprising offices, residences and a high-end shopping plaza. The hotel offers a prime location near government offices, the Central Business District and Tianjin Meijiang Convention Center, and is adjacent to the Tianjin Zoo and Tianjin Water Park, two of the city's largest recreational areas. With its proximity to Nankai University, the district is also renowned for its vibrant culture.

Exploring the city is made easy with the Metro situated just half a kilometer away. Guests can easily connect to transportation hubs with the Tianjin Binhai International Airport a convenient 22 kilometers from the hotel and Tianjin Train Station just seven kilometers away.

Conrad Tianjin is located at 46 Tianta Road, Nankai District, Tianjin, China.
OPENING CEREMONY  
Phase II & R&D Centre of Schlote Automotive Parts (Tianjin) Co., Ltd.

The foreign media, *Business Tianjin*, was invited to present and conducted an exclusive interview with CEO of Schlote Group, Mr. Jürgen Schlote, on the topic of Schlote Group’s development strategy in China.

Schlote Group CEO Mr Schloette, CTO Mr Schulz, and SCT GM Mr Gao Jiangang, along with all the staff, extended warm welcome to all the distinguished guests to witness the historical moment.

The opening ceremony started at 14:08 with “Water Drum” show, which prays for blessing.

Schlote Group expressed warm welcome and sincere gratitude to all the guests, and whole company staff. With great support of the government, business partners and the hard-working employees, SCT has achieved leapfrog development in just five years. 2019 marks its 50th anniversary of Schlote Group, in this year the on schedule hand over of phase II plant, and the successful completion of the R&D centre have greatly boosted Schlote Group’s development in Asia Pacific area. Schlote Group will base on Tianjin with a brand-new image and draw on science and technology to bolster the prosperity of antipolar economy, not only to serve Asia, but also brush a magnificent chapter into the history of Sino-German intelligent manufacturing.

As an important strategic partner of Schlote Group, a concerted effort has been achieved in Europe, the United States, and Asia over the past three decades. After both sides’ concerted efforts and deep exchange, the 8HP project was finally successfully introduced from Germany to China, realizing the first localization of the 8-gears transmission. Today is a new stage of development for Schlote. On behalf of ZF Group, I’d like to express my warm congratulations and wish SCT a prosperous future and bright prospect.

“Since 2014 HFT and SCT have grown synergetic coordinated on DQ project of Volkswagen Automatic Transmission Tianjin. In 2018, we worked together for BMW oilpan project. In 2019, the Phase II plant of both sides was completed to serve ZF 8 HP project. And now we are here to celebrate SCT opening ceremony of the Phase II and R&D centre. In the future, Handtmann Group sincerely hopes to carry out all aspects to cooperate with Schlote Group hand in hand to create brilliant things and explore the market for our common promising future.”

“The 19th National Congress proposed the new task of socialist construction. SCT Phase II plant as a key project of Tianjin Airport Economic Area, Tianbao always adhere to the Party’s Spirit to ensure the implementation of project progress as planned. After two months of planning and eight months of construction, the plant was handed over on the committed date to realize the operation. Tianbao will adhere to the guiding principle of socialism to serve enterprises to support SCT for bright prospect.”

Schlote Group CEO Mr Schloette, CTO Mr Schulz, SCT General Manager Gao Liangang, ZF (China) Mr Xu Ning, ZFTS Mr Xu Zhwei, Handtmann Group CEO Mr Schmidt, HFT Mr Markus Handtmann, CMBC Tianjin Mr Liu Hang, Jiangsu Rovma Group Mr Wu and Tianbao Mr Li were invited for ribbon-cutting ceremony to open a new chapter of Schlote Group: connecting the intelligence and innovation from Tianjin to Asia-Pacific.

The experience of 50 years of stormy trials, only the glory and achievements of today. The opening ceremony is not only the witness, it is also a signal of Schlote Group to become a centre enterprise, to open a new development chapter in Asia-Pacific. With the concept of “Excellence in Precision” Schlote Group has continuously in technology research to seize the opportunity, meet the challenges for a win-win future.
CHINESE ACUPUNCTURE

By Rose Salas

WHAT IS CHINESE ACUPUNCTURE?

Originated during the Shang Dynasty, acupuncture was discovered to be a beneficial healing procedure for the body. It then became famous in the Western countries around 1971. The traditional Chinese Acupuncture helps a lot in regaining our mind and body, and improving the quality of our life and certain pain conditions. In traditional Chinese Acupuncture, practitioners of acupuncture stimulate exact points in our body by injecting thin needles over the skin. It is safe to use and administer to patients as long as the needles are sterilized. Several studies recommend that acupuncture works for some conditions.

WHAT IS IT USED FOR?

Acupuncture is used as a painkiller for the body and brain. It can also help chronic illnesses of the bones, such as osteoarthritis, lower back pain, and carpal tunnel syndrome. It can also reduce the frequency of light headaches and migraine.

Acupuncture is also used with other fertility treatments. Research shows that it increases the efficiency of many common medications intake and energized after each session.

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HOW CAN COSMETIC ACUPUNCTURE BENEFIT YOU?

- It radiates your beauty from within.
- It uses the body’s healing mechanisms to stimulate the production of collagen to reduce fine lines from our face and other parts of the skin.
- It helps reduce under-eye bags caused by lack of sleep, allergies, and hormone changes with consistent care and treatment.
- It can also help you toning and lifting your muscles. By inserting a needle to specific points, it helps your muscle relax, tighten and strengthen. It restores your muscle tissue to become young again and lift it to have a toned appearance.
- Cosmetic acupuncture also helps your body stay hydrated and moisturised. The enhanced nourishment and hydration often produce a dewy appearance.
- It also functions as an anti-aging treatment that helps improve overall health condition, making you feel young and alive.

In this regard, Cosmetic Acupuncture is taking over the ancient practice of acupuncture and incorporating it to our current pursuits of well-being and beauty. We are all entitled to look and feel great about ourselves and blending the two is a compelling way to make it happen!
AI SUPERPOWERS

CHINA, SILICON VALLEY, AND THE NEW WORLD ORDER

By Dr Kai-Fu Lee, 2018

In this book, Kai-Fu Lee expresses his concern on how AI will affect the world order. He says that not only blue-collar jobs will be affected by the drastic advancement in AI technology, but also white-collar ones. He urges the US and China to accept the responsibilities that come with being the top contenders in this field. He offers a description of how each job will be affected and why. If you think that universal basic income is the key, you will come to disagree with Kai-Fu Lee. He believes that the solution to AI taking jobs away from people isn't creating more work. His solution suggests that all it takes is implementing the jobs that can not be done by the AI as a part of every industry.

The book is an interesting read and shows the work done in the US through the eyes of a successful Chinese businessman. Though some fairly interesting anecdotes, your horizons will be expanded and the way you see the world might be changed.

AI has recently become a fairly widespread phenomenon in the idea of AI has its roots back in the 30s of the last century. Since then, there has been a craze for it in the West. Many companies compete on who will make a super AI. One thing that has bothered both scientists and philosophers in regards to AI is how far we can get AI and what kind of effect it will have on us. China, on the other hand, has been sleeping on AI until the fateful change in 2010. Since then, there has been a craze for it in China as well as China's southern neighbour, Taiwan. This is where Kai-Fu Lee comes into play. He is a former businessman. Through some fairly interesting anecdotes, he has been sleeping on AI until the fateful change in 2010. Since then, there has been a craze for it in China as well as China's southern neighbour, Taiwan. This is where Kai-Fu Lee comes into play. He is a former businessman. Through some fairly interesting anecdotes, he talks about his current workplace, the best way to work as a part of every industry.

This is where Kai-Fu Lee comes into play. He is a former CEO of Google China and is considered to be the number one in China when it comes to AI development. His company, Sinovation Ventures, is said to match the finest company, Sinovation Ventures, is said to match the finest in China when it comes to AI development. His book, *AI Superpowers: China, Silicon Valley, and the New World Order*, published in 2018, has been widely acclaimed.

TIANJIN is the 6th most populated city in the world - I did my research. But it is not really true. It is the 6th most populated area, with more than 26 million people living in the area that stretches from the Port of Tianjin to the mountainous areas of the Huangyaguan Great Wall. Tianjin is widely considered to be the second capital, and there are plans to develop the city in such a way that it will relieve Beijing from its duties as capital. One of the first things I noticed about Tianjin was the magnificent river Hai He, meandering throughout the city so quietly and serenely. Of course, I was also enchanted by the tall buildings, festively lit in all colours at night.

When I arrived in Tianjin less than two years ago, I had no idea what was lying ahead, which was, with hindsight, maybe for the better. I might otherwise not have come at all. After two and a half days of flights, lay-overs and airports, I finally landed at Tianjin Binhai airport late in Saturday afternoon. I was met by Ginger, whose job was to arrive and take care of the newcomers. Without delay I was booked into a hotel and immediately taken on a whirlwind trip to have a look at apartments, as I had to report at school. Moving and living in a strange city is not so easy when you are older. Just could not see myself going to bars and clubs on my own to meet people. Ginger gave me a card with the school's address and my apartment's address, so the first days I used a taxi to get to school. Even that was daunting at the time. I had no idea in which direction the school was, and seemed to always get a taxi on the way going in the opposite direction of the school. I had no experience with taxis or subways. For days I walked a few blocks to get a taxi, not knowing that I could walk just up the street from my apartment to get one. One day I decided to be brave and take the subway. I knew the name of the stop where I had to get off, but had no idea that it was in the basement of Joy City Mall. It took me two hours to get out of the mall and to my apartment. I had a landmark which I could see from my apartment and I knew it was part of the mall. I just could not find it. Every exit I took was unfamiliar and even if I walked around, I did not see anything that I recognized. It grew dark and I grew desperate. I envisioned myself...
sleeping in the mall and just go back to school from there the next day. Finally, I found someone who understood when I said Burger King and they directed me. What I did not know at that time, was that Burger King was on the other side of the road that runs underneath the bridge in the mall and I just never crossed the bridge.

Taking the subway was a completely new experience for me. I made sure I always had a subway map with me. Oh, how many times did I get on a train going in the opposite direction it was supposed to go. Now I am a pro and can go to any place in the city by subway. Even Ginger was impressed when she showed her a shorter route than the one she knew. It is one of the things I enjoy and appreciate about this city. The subway system is easy and efficient to navigate. When my daughter came for a visit last December, I was secretly proud that I was able to go everywhere and knew the lines and stops and which exits to take. She thought I was totally cool!

Autumn Festival and a week off school gave me a chance to explore my new city and the area I lived in. I accidentally discovered the Food Street with the stalls offering all varieties of food and delicacies. I learned the quickest route to the subway in the mornings when the mall is still closed. I found parks with inviting little benches and vibrant splashes of late autumn flowers. The river eluded me, though. So I wanted to find the river and spend a few hours there. Whenever I took a taxi, the river was everywhere, smooth and wide. But when I went in search of the river on my many walks, it seemed as if I walked in circles.

向天津致敬（上）

如果你问天津有什么特色，那就要数海河了。海河像条带子似的从南向北自天津市区穿流而过。它的水源来自天津的各个方向，流过这里，形成了一条宽阔的河流。它不仅为天津提供了充足的水资源，也给天津带来了独特的自然景色。你可以在河里游泳，也可以在河畔散步。

秋天，当你站在河畔，看着河面上的落叶，你会感到一种宁静和安详。它就像一首诗，一首描绘秋天的诗。

在天津，人们常常在晚饭后漫步河畔，欣赏那美丽的河景。他们会发现，海河是天津的象征，是这座城市的精神所在。在海河上，你可以看到各种各样的桥梁，有的桥上装饰着华丽的灯光，有的则是古色古香的石桥。海河上的桥梁，犹如连接城市与自然的纽带，它们各自有着独特的魅力。

如果你来天津，一定要去海河看看，感受一下这座城市的历史与文化。
SCHLOTE Group was founded in 1969 with headquarters in Harsum, Germany. So far, there are 16 subsidiaries worldwide with more than 1,600 employees. The Group is the long-term strategic cooperation partner of world-renowned OEM brands such as Bentley, BMW, Volkswagen, and Lamborghini, etc. The first Asian plant was established in Tianjin in 2014, and the Opening Ceremony of SCH Phase II & R&D Center was held on September 2, 2019. It means a new chapter of Schlo-te Group: connecting the intelligence and innovation from Tianjin to Asia-Pacific.

Schlo-te Group aims to be customers' preferred global partner by delivering manufactured casting parts of Aluminum, Aluminum-Magnesium Alloy, and Aluminum-Iron Alloy; not only machining service but also Fixture and Tooling designs as package solution will be provided to partner. The four main products are DQ361, DQ301, ZF 8HP50, and BMW oilpump.

As a strategic partner of the high-end automotive industry, Schlo-te already built up a stable relationship with international OEM brands, such as Bentley, Lamborghini, VW, Audi, Daimler, and BMW. Adhering to the concept of lean manufacturing and excellence in precision, Schlo-te strives to provide high-quality products and services to our customers.