Development & Opportunities in Tianjin’s Lifestyle & Business Services

Jamie Chan
North China Region, China Group

22 Nov 2012
About Tianjin

- Tianjin is one of the four direct-controlled municipalities of the PRC, and is thus under direct administration of the central government.
- Tianjin is the 5th largest city in China after Shanghai, Beijing, Guangzhou and Shenzhen.
- Has the fourth largest urban population in China, after Shanghai and Beijing and Guangzhou.
- Chinese city with the highest growth in 2010 & 2011.
- The driving force behind Tianjin's economic growth is the Tianjin Binhai New Area (TBNA).
Tianjin is famous for...

天津三绝
狗不理包子
耳朵眼炸糕
麻花

天津之眼

天津相声

温家宝
Snapshot of Tianjin Municipality

30 min to Beijing
High Speed Train every 15 minutes

12,000 km²
13.5 million people

Shanghai of the North

North China’s Growth Engine

North China’s Shipping HUB
Tianjin Municipality – Shanghai of the North

US$ 13.1 billion
Actual FDI into Tianjin increased 20.35% in 2011

1,119 billion yuan
Tianjin’s GDP for 2011 saw a 16.4% growth, the highest in China

US$ 103.4 billion
Tianjin’s 2011 trade increase 25.9%
More About Tianjin

Connectivity

• Beijing-Tianjin high-speed rail → it takes less than an hour to travel to from Beijing to Tianjin by rail
• Tianjin Binhai International Airport has 59 flight routes, connecting 48 cities (30 domestic cities and 17 foreign cities)
• Tianjin Port is the largest international trade port in northern China connecting to over 400 ports in over 180 countries.
• Singapore Airlines’ wholly-owned budget carrier Scoot started 4 times a week direct flights to Tianjin in August 2012
• Tianjin is well connected to other Chinese cities by road. Tianjin has about 28 expressways & highways connecting it to other Chinese cities

Economy

• Tianjin’s main industries include electronics, automobiles, pharmaceutical, oil and petrochemical manufacturing, food packaging industries.
• In the next 5 years, Tianjin will push for economic restructuring, promote clean and high-tech industries and improving people’s livelihood through urban planning and strengthening social welfare.
• Industrial upgrading and promoting its services sector will also be an important focus.
Tianjin targets to increase contribution of services sectors to GDP from 46% in 2011 to 50% by 2015

<table>
<thead>
<tr>
<th>Retail and F&amp;B</th>
<th>Tourism &amp; Hospitality</th>
<th>Animation</th>
<th>Education &amp; Training</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Building of 3-5 integrated malls of more than 300,000 sq m + 10 integrated malls of more than 100,000 sq m.</td>
<td>• Construction of 10 five-star hotels,</td>
<td>• The National Animation Industry Park in Tianjin Eco City is the first state-level animation production base for cartoon makers in China and is being developed into a center for animation production, trading, exhibition, training, research and development and international exchanges.</td>
<td></td>
</tr>
<tr>
<td>• Develop more than 17 “shopping streets”</td>
<td>• Construction of a national level large scale exhibition centre,</td>
<td></td>
<td>• Tianjin will continue developing a strong talent base, especially in services sectors, to keep up with its economic restructuring plans.</td>
</tr>
<tr>
<td></td>
<td>• Development of “industrial tourism”, - sites of flagship companies (e.g. Airbus, OTIS elevators etc.) for tourists’ viewing.</td>
<td></td>
<td>• Tianjin will enhance development of training facilities and training programs</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• E.g. Tianjin plans to train about 2,000 kindergarten principals and teachers over the next 3 years.</td>
</tr>
</tbody>
</table>
Increasingly more Singapore lifestyle service providers are moving into Tianjin.
Tianjin Binhai New Area (TBNA) – the Pudong of North China

- TBNA’s GDP in 2011: 620 billion yuan
- Exceeded Pudong’s
- TBNA’s contribution to Tianjin’s GDP in 2011: 55%
- Home to 285 Fortune 500 companies
- Tianjin Eco City is one of 10 priority projects in TBNA
TBNA is a national development strategy. Tianjin Eco-city is one of the ten priority projects.
Sino-Singapore Tianjin Eco-city

- Agreement between Emeritus Senior Minister Goh Chok Tong and Premier Wen Jiabao in Apr 2007 on a 2nd flagship bilateral project after Suzhou Industrial Park
- Framework agreement signed by PM Lee and Premier Wen in Nov 2007
- Groundbreaking in Sept 2008
- Commercial JV officially incorporated on July 2009 to spearhead development of Eco-city

<table>
<thead>
<tr>
<th>Total Land Area:</th>
<th>Start-up Area:</th>
</tr>
</thead>
<tbody>
<tr>
<td>~ 30 sq km</td>
<td>~ 4 sq km</td>
</tr>
<tr>
<td>Target Population: 350,000</td>
<td>Target Population: 85,000</td>
</tr>
<tr>
<td>Completion: 10 to 15 years</td>
<td>Completion: 3 to 5 years</td>
</tr>
</tbody>
</table>
Commercial developments within Eco-city

“A thriving city which is socially harmonious, environmentally-friendly and resource-efficient – a model for sustainable development”.

[Diagram showing various commercial developments within Eco-city]

North Sub Centre
Hua Qiang 3D Movie Park
National Animation Industrial Park
GEMS International School

Eco-Industrial Park
Eco Valley
Eco-Data Hub
City Centre
Nankai Branch school
South Sub Centre
Eco-Business Park

Driving Singapore’s External Economy

Information on this slide is confidential and strictly for use by IE Singapore officers only. It should not be used or referred to by third parties without prior written consent from IE Singapore.
Sino-Singapore Tianjin Eco-city – A Blueprint for Sustainable Living

Tianjin Eco-city’s 30 km²

In 2007, Polluted Water… Salt Farm… Non-Arable…

In 2012, basic infrastructure of Eco-city’s start-up area completed and welcomed first batch of residents
Opportunities for lifestyle and business services

National Animation Industry Park
5 star Shimao- Hilton Hotel
Commercial Street
GEMS World Academy

Retail, F&B, Entertainment, Beauty & Wellness, etc

Rental Support
Property Maintenance Fee Support
National Animation Industrial Park
Venture into Tianjin with IE

Michelle Chow
Regional Director
Michelle_chow@iesingapore.gov.sg

Tan Yujuan
Centre Director
Yujuan_Tan@iesingapore.gov.sg

Jamie Chan
Manager
Jamie_chan@iesingapore.gov.sg

IE Singapore, Beijing Office
Unit 3101 Level 31
China World Tower 1
No. 1 Jian Guo Men Wai Avenue
Beijing 100004, People’s Republic of China
86-10-65059393
Discover Liaoning
- Miles that Smiles

Gordon Tan
Centre Director
22 Nov 2012
Liaoning: Gateway to Northeast China

- **Area**: 147,500 sq km (75% of East Malaysia)
- **Population**: 43 million (Slightly less than South Korea (48 mil))
- **GDP**: RMB 2202.59 billion (Roughly half of Indonesia)
  - Ranked 7th (Behind Tianjin, Shanghai, Beijing, Jiangsu, Zhejiang, Inner Mongolia)
- **Trade**: US$ 95.96 billion
- **FDI**: US$ 24.27 billion
- **Industry**: Petrochemicals, shipbuilding, machinery, textile, software, real estate and retail etc.
Liaoning’s Industrialization....

1949: China’s 1st turning machine

1955: China’s 1st Fighter Plane

2012: China’s 1st Aircraft Carrier

Today...

Heavy Industrial Base

Oil, Gas & Chemicals

Business / IT Services

Driving Singapore’s External Economy

Information on this slide is confidential and strictly for use by IE Singapore officers only. It should not be used or referred to by third parties without prior written consent from IE Singapore.
Liaoning-Shenyang (Population: 8 mil)

**Equipment & Machinery**
- Automotive Industry
- Aviation & Parts
- Robot Manufacturing

**Competitive Position**

<table>
<thead>
<tr>
<th>Vital Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. <strong>Largest</strong> city in Northeast China.</td>
</tr>
<tr>
<td>2. Nearly 2 million sq m of prime retail space</td>
</tr>
<tr>
<td>2. Projected to be the World’s 2nd fastest growing major city regional economy over the next decade</td>
</tr>
<tr>
<td>3. 3rd largest luxury goods market in China</td>
</tr>
<tr>
<td>3. 3rd in China for investment environment (2011)</td>
</tr>
<tr>
<td>5. 5th in China for development potential (2010)</td>
</tr>
<tr>
<td>6. 6th in China for government honesty (2010)</td>
</tr>
<tr>
<td>10. 10th in the World for the low cost of labour force (2010)</td>
</tr>
<tr>
<td>12. 12th largest city in China in terms of total retail sales (2010)</td>
</tr>
<tr>
<td>13. 13th largest city in China in terms of municipal industrial output (2009)</td>
</tr>
<tr>
<td>16. 16th largest city in China in terms of economic output (2010)</td>
</tr>
<tr>
<td>25. 25 million residents in the Metropolitan Area</td>
</tr>
<tr>
<td>271. 271,000 sq m of Grade A office space</td>
</tr>
</tbody>
</table>

Source: China Institute of City Competitiveness; Chinese Academy of Social Sciences; Jones Lang LaSalle Research

**Natural Resources**
- Iron & Steel industry
- Chemicals
- Oil & Gas
In EIU’s 2012 Benchmarking of global city competitiveness, Dalian was ranked 3rd (after Tianjin & Shenzhen, Singapore ranked 15th) amongst Asian cities in terms of Economic Strength, based on EIU estimated indicators of potential market size, purchasing power and growth prospects.

Dalian is …

- The key port gateway for North-East China due to its geographic location
- The financial centre of Northeast China. It has the most foreign banks in the region.
- Close to Japan and Korea. Its geographic location gives it an advantage in attracting good outsourcing opportunities
- Dalian development zones has clear industrial plans. It has successfully transitioned from traditional labour-intensive industries to advanced manufacturing and high-tech industries
- Dalian ETDZ was the first state-level development zone in China. The infrastructure has developed well over the years
- Dalian offers excellent education in engineering at Dalian Maritime University and at the well-known Dalian University of Technology.
Singapore Pre-School & Enrichment: Ride the wave!
Throughout China, Crestar has the largest presence in Liaoning.

Many more are exploring now…

✓ Preschool: Aim for lower Tiered cities.
✓ Enrichment: Hunt in Packs!
Shenyang: 3rd largest luxury market in China sees boom in malls

CBRE - Q3 2012: Demand for retail space remained active on the back of buoyant consumption growth, driven by the newly-opened Maoye Department Store and Wanda Plaza in an emerging submarket - Tiexi area.

Overall vacancy rate decreased 1.9 percentage points to 15.8% in spite of a total new completion of 250,000 sqm during the quarter. Due to the relatively low rents of the two new projects, the average ground floor rent decreased by 1.4% q-o-q to RMB 21.1 psm (Dalian: RMB 23.0 psm) per day. Looking ahead, there is still substantial supply in the pipeline, particularly in the core submarkets. Landlords will thus face fiercer competition in attracting high-profile retailers.

Expect to see some softening of retail rents in the next 6 months.
Liaoning to produce 1 in 10 cars for China!

<table>
<thead>
<tr>
<th>Precise Engineering Sector: Automotive Parts &amp; Services</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Shenyang Automotive Manufacturers</strong> (BMW, Brilliance and GM, etc)</td>
</tr>
<tr>
<td>![BMW Logo]</td>
</tr>
<tr>
<td>![Hino Logo]</td>
</tr>
<tr>
<td>Production Capacity -1.5 million per year</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Dalian Automotive Manufacturers</strong> (Chery, Nissan and Shuguang)</th>
</tr>
</thead>
<tbody>
<tr>
<td>![Chery Logo]</td>
</tr>
<tr>
<td>![Nissan Logo]</td>
</tr>
<tr>
<td>![Shuguang Logo]</td>
</tr>
<tr>
<td>Production Capacity -0.6 million per year</td>
</tr>
</tbody>
</table>

By 2015

Driving Singapore’s External Economy

Information on this slide is confidential and strictly for use by IE Singapore officers only. It should not be used or referred to by third parties without prior written consent from IE Singapore.
New and rapidly growing Petrochemical Parks

**Identified:** Three (3) parks have been most successful in attracting petrochemical investors.

**Opportunities**
- Water treatment
- Desalination
  - Waste management
- Marine transportation
- Port Projects
Liaoning is a key logistic hub connecting Northeast China and Bohai Rim.

- Shenyang as Primary Hub (Inland manufacturing)
- Dalian as Secondary hub (Exports & Commodities)

DB Schenker (Germany-Leipzig to Shenyang): 23 days of transport time needed for the nearly 11,000-kilometer journey. More than 6,500 containers filled with automobile parts have run from Germany to China for the BMW plant in Shenyang since the start of operations in Nov 2011.
Based on current and planned activity (2011 onwards) by Global Logistic Properties, Prologis, Mapletree, Goodman, BLOGIS, CRC Logistics, CML Source; Jones Lang LaSalle

China’s port operators are planning to increase rail links to inland cities. Logistics by container rail may speed up across cities, with Shenyang and Harbin as inland hubs.
Singapore enterprises in Liaoning

- Transport/logistics
- Infrastructure / housing
- Trading and Manufacturing
- Education
- Environmental Services

Driving Singapore’s External Economy

Information on this slide is confidential and strictly for use by IE Singapore officers only. It should not be used or referred to by third parties without prior written consent from IE Singapore.
Explore Liaoning with our friendly IE officers

Gordon Tan
Centre Director
Gordon_Tan@iesingapore.gov.sg

Linda Tan
Centre Director
Linda_Tan@iesingapore.gov.sg

Michelle Qu
Market Officer
Michelle_Qu@iesingapore.gov.sg

Chris Wang
Market Officer
Chris_wang@iesingapore.gov.sg
Discovering SHANDONG
- Opportunities for everyone

Wong So San
Manager, North China
22 Nov 2012
Shandong – Key Facts and figures

- Shandong’s GDP ranks **3rd** in China, after Guangdong and Jiangsu
- **2nd** largest population behind Henan and ahead of Sichuan
- **7.15%** of China’s population
- **9.62%** of China’s GDP
- GDP per capita - US$7,317 ranked **7th** in China
- Singapore is the **4th** largest foreign investor into Shandong

Source: 1. www.shandong.gov.cn
2. Singapore Department of Statistics
Overview of Shandong

Location
• Situated on the east coast of China and lower reaches of the Yellow River.
• Bordered by the Bohai Sea and the Huanghai Sea, faces the Korean Peninsula and the Japanese Archipelago across the sea.

Cities
• 17 prefecture-level cities and 140 counties (city districts and cities at the county level)
• Jinan is the capital of the province and Qingdao remains as the province's leading industrial centre.

Population
• Two-thirds of Shandong is mountainous, condensing its large population into small, densely populated regions.

Source: Shandong Statistics Bureau
Remember Shandong in Four Colours:
THE BLUE OPPORTUNITIES
Blue Shandong Peninsular Economic Zone

- First blue economic zone approved in China
- Development of innovative marine industries in Qingdao, Dongying, Yantai, Weifang, Weihai & Rizhao

- 159,500 sq km sea areas
- 64,000 sq km land area
- 7 Coastal Cities and 51 Counties/Districts
## Shandong - The first State-approved Marine Economic Zone

<table>
<thead>
<tr>
<th></th>
<th>Shandong Peninsula Blue Economic Zone</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Status</strong></td>
<td>Approved in Jan 11</td>
</tr>
<tr>
<td><strong>Coastal Line</strong></td>
<td>Approx 3,121 km</td>
</tr>
<tr>
<td><strong>Offshore Water Area</strong></td>
<td>159,500 sq km</td>
</tr>
<tr>
<td><strong>Marine GDP 2010</strong></td>
<td>RMB 680.8 bil (No. 2 in China)</td>
</tr>
<tr>
<td><strong>Traditional Marine Industries</strong></td>
<td>• Fishery &amp; aquaculture</td>
</tr>
<tr>
<td></td>
<td>• Port &amp; marine transport</td>
</tr>
<tr>
<td></td>
<td>• Coastal tourism</td>
</tr>
<tr>
<td></td>
<td>• Marine chemical</td>
</tr>
<tr>
<td></td>
<td>• Oil &amp; gas</td>
</tr>
<tr>
<td></td>
<td>• Ocean salt</td>
</tr>
<tr>
<td><strong>Other Characteristics</strong></td>
<td>• Close to 50% of marine science experts</td>
</tr>
</tbody>
</table>

![Map of Shandong Peninsula Blue Economic Zone](image)
Opportunities in Marine Economy

Environmental Services
- Water treatment
- Desalination
- Waste management

Marine transportation (Port Projects)

Offshore oil and gas industry
Shipbuilding & repair
Marine construction
Coastal tourism
THE GREEN OPPORTUNITIES
Qingdao’s GDP ranks 1st in Shandong, 11th in China

General Information (2011):

• 8% of Shandong’s population
• 14.57% of Shandong’s total GDP
• GDP, FDI and Trade ranked 1st in Shandong

Notable Singapore projects in Qingdao:
Qingdao’s Urban development Plan for 12th Five year Plan

- 2010 - “Blue Economy” was included as part of the Qingdao 12th Five-Year Urban Development Plan
- 2011 - “Shandong Peninsula Blue Economic Zone Development Plan” was recognized as a national strategy, with Qingdao was positioned as a pioneer city.
- 2012, “Blue Excellence” was regarded as a strategic target for future urban development in Qingdao

Three-town Cooperation (Three Core Development)

- 红岛 (Hongdao)
- 青岛 (Qingdao)
- 黄岛 (Huangdao)

Opportunities in township development and urban solutions for Singapore Companies
Healthcare: Gaps and Opportunities

Growing Aging Population

Emerging Affluent Consumers

Insufficient Healthcare facilities & services

Need for senior housing and nursing centres

Demand for Retirement Villages

Demand for luxury medical & recreational facilities
Healthcare opportunities

Healthcare & Wellness Providers

- Medical Centres
- Dental Treatment
- Cosmetic and LASIK
- Complementary suite of medical & healthcare services & products eg: Spa, Massage
- Training professional caregivers

Infrastructure & Tourism

- Concept & Master Planning
- Retirement Homes
- Integrated Malls
- Hotels & Serviced Apt
- Lifestyle Services
- Attractions Development and Management

Driving Singapore’s External Economy

Information on this slide is confidential and strictly for use by IE Singapore officers only. It should not be used or referred to by third parties without prior written consent from IE Singapore.
Yantai – a national tourism city

General Information (2011):

- 7% of Shandong’s population
- 11% of Shandong’s total GDP
- GDP, FDI and Trade are ranked 2nd in Shandong, after Qingdao

With its pleasant all-year round climate and beautiful landscape, Yantai is a good choice for healthcare, wellness and retirement related projects.
Potential project sites in Shandong

Qingdao:
• Huangdao Eco Dev and Tech Zone - Qingdao International Wisdom Eco-Town

Yantai:
• Penglai Wellness Town
• Zhuqueshan (朱雀山): an environmentally-friendly integrated tourism zone
Shandong Yellow River Delta Eco-efficient Economic Zone

National-level strategy approved in Nov 2009

Dongying - petrochemical, port services, shipping & logistics
Binzhou – salt refinery, shipbuilding, pharmaceutical, logistics
Weifang – marine/ salt refinery(1st), agricultural, biotechnology, urban solutions, manufacturing
Shandong’s Rich Natural Resources

- 128 varieties of minerals, more than 70% of that in China (gold, natural sulphur, petroleum and diamond etc)
- Affluent Mineral Reserves (natural gas, iron, bauxite etc)
- Marine Resources – 260 species of fish and prawns
- Crude oil production makes up 1/3 of China’s total - important energy base in China
THE RED OPPORTUNITIES
Shandong – The King of Agriculture (农业大省)

- Opportunities for food manufacturing, food processing, poultry farming and import/export
Internationalisation of Shandong Companies

- Shandong is the 3rd province with the most number of Chinese companies listed on SGX (12%).

- Opportunities for professional business services players – financing, legal, accounting and audit, IT services etc.

- Cross Collaboration in regional markets
Summing up

- Shandong Blue Peninsula Development Zone
- Marine Economy
- Water technologies and environmental services

Coastal city and marine economy

Urban Redevelopment & Healthcare

- Qingdao’s Urban redevelopment
- Healthcare and wellness in Qingdao and Yantai

Rich natural resources

- Agriculture
- Food Processing, farming
- Professional Business Services

Trading and sourcing for natural resources

Agriculture and farming
Explore Shandong with our friendly IE officers

Janelle Woo 胡葭惠
Centre Director (Qingdao)
Janelle_woo@iesingapore.gov.sg

Sophia Zhu 朱娟娟
Senior Market Officer (Qingdao)
Zhu_juan_juan@iesingapore.gov.sg

Wong So San 王素姗
Manager (North China)
(based in Singapore)
Wong_so_san@iesingapore.gov.sg

IE Singapore, Qingdao
Singapore-Shandong Business Council (SSBC)
Qingdao Overseas Centre
Crown Plaza Qingdao, No. 76 Xiang Gang Zhong Road,
Qingdao 266071.
People’s Republic of China
Tel: +86 532 8577 9933 / +86 532 8576 1138
Thank You

www.iesingapore.com