

Invest TEDA

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Entrepreneur: Administrative Commission of Tianjin
Economic-Technological Development Area (TEDA)

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TEDA AND HONEYWELL INKING A STRATEGIC COOPERATION FRAMEWORK AGREEMENT

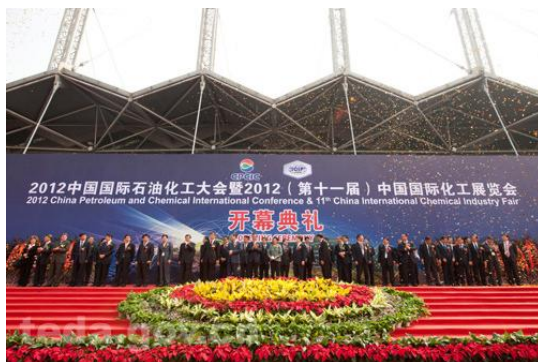


TEDA Administrative Commission and Honeywell (Tianjin) Co., Ltd. signed a Strategic Cooperation Framework Agreement in TEDA recently. Ai Yamin, Vice Chairman of TEDA (Nangang) Administrative Commission, and Shane Tedjarati, Honeywell's President and CEO of High Growth Region signed the agreement.

According to the agreement, both parties agreed on building a low-carbon and energy-saving TEDA. TEDA and Honeywell will make full use of the advantages of each other and focus on energy conservation management and retrofit, so as to achieve the target of reducing the emission of greenhouse gases in China's Twelfth Five-Year Plan.

Honeywell is a world-leading multinational of diversified technologies and manufacturing. It is headquartered in New Jersey, the United States, and has employees in 95 countries and regions. Honeywell's businesses include aerospace products and services, home & building control solutions, industrial control solutions, automation products, specialty chemicals, fibers, plastics, electronics, advanced materials, transportation and power system & products. (Tr. by Ma Yu)

CPCIC&ICIF OPEN IN TIANJIN DOW JOINS HANDS WITH TEDA



Dow Chemical over a special chemical project.

TEDA recently unveiled the curtain for the 2012 China Petrochemical and Chemical International Conference (CPCIC) & the 11th China International Chemical Industry Fair (ICIF). On the same day, the development zone also inked an investment intent agreement with

The CPCIC presented high-level exchanges such as the China-Korea Petrochemical Summit and five symposiums on various petrochemical subjects. At the same time, the ICIF demonstrated tens of thousands of latest products and technologies about petroleum, chemicals and petrochemicals and hold a series of summits, technology forums, new technology promotions, and business talks. These events have attracted over 1,200 domestic and overseas delegates of petrochemical companies, international consultancies and government institutes.

A signing ceremony between TEDA and Dow Chemical coincided with the CPCIC and ICIF. Mr. He Shushan, Chairman of TEDA and Mr. Peter Sykes, President of

Dow Chemical Greater China inked an investment intent agreement over a special chemical project of Dow Chemical. The project will focus on the R&D and production of high-end chemicals. (Tr. By Zhang Shanshan)

HALDOR TOPSOE A/S LOCATES HIGH-PERFORMANCE CATALYST PROJECT IN TEDA



Recently, TEDA (Nangang Industrial Zone) Administrative Commission inked an investment agreement with Haldor Topsoe A/S of Denmark at the Tianjin Guest House.

According to the agreement, Topsoe will invest 200 million US dollars in Nangang to set up a high-performance catalyst production base to serve the North China market. Phase I of the project will focus on DeNOx catalyst for diesel engine tail gas.

Established in 1940 and headquartered in Lyngby, Denmark, Topsoe is a global market leader in heterogeneous catalysis. Its core business is to supply catalyst and process design to clients in refinery, environmental protection, energy, and chemical production industries. Its products and services include catalyst, special equipment, process design, engineering and technology service.

With offices or subsidiaries in Bahrain, China, India, Japan, Russia, the United States, and Argentina, Topsoe currently has two production bases located in Frederikssund, Denmark and Huston, the United States respectively. It registered a sales revenue of 640 million euros in 2011 and now employs around 2,300 people. (Tr. By Zhang Shanshan)

GRANULOCYTE ANTI-CANCER PROJECT JOINS TEDA

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A granulocyte anti-cancer project will settle down in TEDA, according to a recent cooperation agreement between TJAB (Tianjin International Joint Academy of Biotechnology & Medicine) and Tianjin Shengzhi Pharmaceutical & Tech Co., Ltd. At the same time, TJAB Asian-Pacific Biosignature Center inked a framework agreement with Epitomics over a human liver cancer protein antibody project.

Jointly established by Prof. Leland Harrison (Lee) Hartwell, his team and TJAB, the Asian-Pacific Biosignature Center boasts the world's latest tumor and severe infectious disease early diagnose capacity, protein detection technology and gene detection technology. It is a globally recognized pioneer of biopharmaceutical research and development. Shengzhi Pharmaceutical & Tech Co., Ltd., one of the partners of the Asian-Pacific Biosignature Center, is working with TJAB over a granulocyte anti-cancer project. The project, with a planned investment of 500 million yuan, now has entered phase II clinical trails in the United States and is expected to enter market in three to five years with an annual revenue of 2.2 billion yuan. (Tr. By Zhang Shanshan)

SERVIER (TIANJIN) PHARMACEUTICAL CO., LTD. HELD ITS TENTH ANNIVERSARY IN TEDA



Recently Servier (Tianjin) Pharmaceutical Co., Ltd. held its tenth anniversary in TEDA. Mr. Zhang Jun, Vice Chairman of TEDA (Nangang Industrial Zone) Administrative Commission, Mr. Jean-Philippe Seta, Vice President and CEO of Servier, and

other guests attended the ceremony.

It is learnt that as a joint venture co-founded by Servier of France and Tianjin Huajin Pharmaceutical Co., Ltd., Servier (Tianjin) Pharmaceutical Co., Ltd. officially started its production in Sep. 2002. With a total investment of 15.3 million euros, the company produces drugs for such cardiovascular and cerebrovascular diseases as diabetes, hypertension, coronary artery heart disease, etc. and offers nine drugs such as Acertil, Vesorel, and Diamicron MR. Its sales income reached 1.03 billion yuan in 2011.

Established in 1954, the France-based Servier is the world's leading independent pharmaceutical company, providing representative drugs for major diseases. Among its 20,000 employees in 140 countries, nearly 3,000 are engaged in drug R&D. At present Servier has set up ICTRs (International Center for Therapeutic Research) in 19 countries, developed over 50,000 chemical entities, and submitted over 27,000 applications for patents. Servier has been praised by SCRIP, a prestigious pharmaceutical magazine of the U.K., as "the most innovative pharmaceutical company in the world." (Tr. by Chen Yu)

CANSINO'S VACCINE PILOT PRODUCTION BASE UNVEILED

Recently CanSino held an unveiling ceremony for its vaccine GMP pilot production base in the Biopharmaceutical Park of the West Zone of TEDA. Built up in this May and occupying a site of 2,000 square meters, the Center is the exclusive pilot GMP production platform in Tianjin with the comprehensive capacity for developing human vaccines.

Founded in 2009 and registered in TEDA, Tianjin CanSino Biotechnology Inc., specializes in the R&D and production of vaccines. The company has independently developed such world's advanced vaccines as component pertussis vaccine adsorbed (CPV), recombinant tuberculosis vaccine, Haemophilus influenzae type b (Hib)

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conjugate vaccine, meningococcal conjugate vaccine (MPV4), pneumococcal protein recombinant vaccine (PPRV), etc. Meanwhile, the company has participated in National Major New Drug Development Program, sub-projects of major national scientific and technological projects in the 11th Five-Year Plan period, special projects for vaccine development in the 863 Program in the 12th Five-Year Plan period, as well as vaccine R&D projects of Tianjin funded by TEDA Incubation Fund, Tianjin SME Innovation Fund, etc. The company's core team is staffed with senior experts on vaccines and biopharmaceuticals who have rich experience on the R&D and production of new medicines. Among them, one has been elected to the National Thousand Talents Plan, and two has been elected to Tianjin's Thousand Talents Plan.
(Tr. by Chen Yu)

NOVOZYMES INAUGURATING NEW LABORATORY IN TEDA



TEDA witnessed the inauguration of Novozymes new biotechnology laboratory building recently. Lang Dong, Vice Chairman of TEDA (Nangang Industrial Zone) Administrative Commission, and Michael Fredskov Christiansen, Vice President of Novozymes and President of Novozymes China, attended the inauguration.

Novozymes TEDA new biotechnology laboratory building broke ground in 2011. About 100 scientists and lab technicians will work in the new laboratory with a floor area of 4,000 square meters. The laboratory building meets the highest standards of Novozymes global laboratories and introduces the latest technologies and best practice. As an overseas technology center of Novozymes, the laboratory carries out

the research and optimization of enzyme activity analysis, product stability analysis, and the development and optimization of product formula. It also analyzes the enzyme activity in detergent and feedstock for the clients. The laboratory will strengthen Novozymes' R&D in Tianjin, boost the development of biotechnology in Tianjin and bring new jobs. (Tr. by Ma Yu)

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Deloitte Tax Update

Customs Steps Up Efforts to Combat Smuggling and Enhance Supervision of Import/ Export Activities

An intensified effort to curb smuggling has resulted in the collection of a significant amount of tax by local Chinese Customs offices. For example, Nanjing Customs recently cracked a large smuggling case involving the import of containers of solid waste where the goods were declared under a false name and forged documents, and Shanghai Customs tracked down large amounts of seafood that were imported by companies declaring lower prices, which resulted in lower import duties. These efforts are part of a more rigorous enforcement campaign launched by the General

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Administration of Customs ("GAC") at the beginning of 2012. The GAC aims to target smuggling activities throughout the country with a view to safeguarding national economic interests and improving the supervision of import and export trade of key enterprises and key import and export products, and the local Customs offices have responded accordingly. The launch of the initiative demonstrates that Chinese Customs is transitioning from a focus on tax collection to "supervision and tax collection" of imports and exports, which will result in heightened examination and investigation procedures. In particular, the following steps are being taken:

- An increase in the number of inspections;
- An increase in the number of anti-smuggling investigations where enterprises are suspected of smuggling or violating regulations and the immediate transfer of such cases to the anti-smuggling authorities for further investigation (in the past, Customs was more likely to simply collect underpaid customs duties and import/ export taxes); and
- An increase in the number and extent of inspections of enterprises categorized as "B" and "C" enterprises and an increase in audits of "A" and "AA" enterprises.

Affected industries and enterprises:

The anti-smuggling initiative targets import and export enterprises, with the following sectors subject to intensified scrutiny:

- Mechanical and electronics
- Pharmaceutical chemicals

- Food
- High-end consumer goods
- Apparel

In addition, specified commodities will be the focus of Customs' inspections:

- Products entitled to preferential duties under free trade agreements, China's Closer Economic Partnership Arrangement and China's Economic Cooperation Framework Agreement;
- Products subject to anti-dumping, anti-subsidy and safeguarding measures;
- Products that may violate intellectual property rights;
- Bonded import raw materials and exported finished goods under processing trade relief; and

Products that pose a high risk of export tax refund fraud (e.g. clothing, plastic and steel products, etc.).

Deloitte Tax Q & A

Q1: Our Company is an advertising company located in Binhai New Area. Since VAT reform pilot program will be expanded to Tianjin, do we still need to pay the Cultural Construction Fee? If so, how should we calculate the amount payable?

A1: According to "Circular of the Ministry of Finance and the State Administration of Taxation on Issues Related to the Collection of Cultural Construction Fee in the Pilot

Collection of Value-Added Tax in Lieu of Business Tax" (Cai Zong [2012] No. 68)

Article 1: The original entities and individuals providing advertising services that pay cultural construction fee as governed by the Circular of the Ministry of Finance and the State Administration of Taxation on Releasing the Interim Measures for the Collection and Administration of Cultural Construction Fee (Cai Shui Zi [1997] No. 95) and the entities and individuals providing advertising services that are established after the pilot program of VAT in lieu of business tax is adopted shall, after being incorporated into the scope of the pilot program, pay cultural construction fee pursuant to this Circular.

Therefore, it can be concluded that your company shall still pay the cultural construction fee in light with above regulation.

Regarding the calculation of Cultural Construction Fee, according to Article 2 of above circular, the amount of cultural construction fee to be paid by the entities and individuals (hereinafter referred to as the "payer") shall be calculated at the rate of 3% of the sales volume obtained from VAT taxable services, and be levied and collected simultaneously at the time of the levying and collection of VAT by the state taxation bureaus. The calculation formula is set forth as follows: Amount payable=sales volume×3%.

Q2: Our Company is a Foreign Trade Company located in Binhai New Area. What are the requirements for our company to enjoy tax refund (exemption) policies at the ports of departure?

A2: According to "Announcement of the State Administration of Taxation on Promulgating the Administrative Measures on Tax Refund (Exemption) at the Ports of Departure" (Announcement of the State Administration of Taxation [2012] No.44)

Article 1: An export enterprise eligible for tax refund (exemption) policies at the ports of departure shall meet the following conditions,

1. Enterprise should be a general VAT payer of self-operated exported goods, whose export tax refund (exemption) qualification has been approved;
2. Enterprise should be under the Grade B or a higher grade of Customs administration (as shown in the electronic declaration form of exported goods affixed with the "mark of departure port" as provided by the Customs); and
3. Enterprise should be an export enterprise not classified under Grade 1 to Grade 3 by the tax authorities in the alert information of the export tax refund examination.