

# Ticker

German Chamber

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## CATERING TO THE NEW MIDDLE CLASS

### Cover Story

Let's Try That Again: Is China on the Verge of a LOHAS 2.0?

The Chinese Consumer: Individuality Replaces Label Cult

### Features

China Further Opens Market Access for Foreign Investors

The European General Data Protection Regulation and its Effect on Business in China

### Special

A Global Rulebook for Global Trade with Federal Minister for Economic Affairs and Energy Mr. Peter Altmaier

**China Industry Report:**  
The Digital Revolution Driving China's Healthcare Sector Reform



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Ms. Simone Pohl

Delegate and Chief Representative of Delegation of German Industry and Commerce Shanghai  
Executive Director and Board Member of German Chamber of Commerce in China - Shanghai

## Catering to the New Middle Class

China has no shortage of superlatives, both good and bad; starting with the Great Wall of China, one of the longest architectural feats in human history, to the fastest supercomputer in the world, the Tianhe 2. China also remains the biggest emitter of carbon dioxide worldwide, underlining the difficult balancing act that characterizes China's rise.

China's "think big" approach permeates all aspects of the Middle Kingdom and affects key economic indicators, but also the day-to-day lives of Chinese citizens. One example for a development at the interface of steady growth rates and real-life impact on what it means to live and work in China in 2018 and beyond is the emergence of China's middle class. By current estimates, China's rapidly developing Middle Class is slated to include over 550 million people in 2022 – that alone would make China's middle class big enough to be the third-most populous country in the world. We are witnessing the rise of a new generation of spenders; even conservative projections expect the Chinese consumer economy to grow by 55% to USD 6.5 trillion by 2020 – that's the value of the current entire consumer markets of Germany, Japan and the UK combined.

In a world driven by rapid e-commerce and the availability of everything your heart desires at the tap of your smartphone, the current Chinese generation is enthusiastically filling their virtual or physical shopping carts. This trend has inherent value for German companies – quality, "Made in Germany" is as popular as ever among Chinese consumers with disposable income. And as disposable income among Chinese consumers is growing, this edition of the GC Ticker will offer you unique insights into how to best cater to this segment.

With stories ranging from the luxury goods market to how the health and sustainability industries are expanding, this month's issue will help you to navigate an increasingly demanding and sophisticated consumer base to maximize the impact of your current and future product portfolio.

It is my distinct pleasure to also present you with an exclusive op-ed by German Federal Minister for Economic Affairs and Energy Mr. Peter Altmaier, who will reflect on the importance of a level playing field in terms of global trade in view of his upcoming trip to the 2018 Asia Pacific Conference in Jakarta, jointly organized by the German Federal Ministry for Economic Affairs and Energy (BMWi), the Asia-Pacific Committee of German Business (APA), and Germany's bilateral Chambers of Commerce Abroad (AHK) in the Asia-Pacific region.

All this comes in the wake of the first 2018 China International Import Expo, which will take place from November 5<sup>th</sup> to 10<sup>th</sup> in Shanghai. The expo, where Germany is one of the partner countries, will allow German companies to participate and explore economic opportunities in the Chinese market, as well as meet with top Chinese and international import decision makers, to further cater to the new Chinese middle class. We hope you enjoy reading!

Simone Pohl

S. Pohl



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# China News

## China's Wanda Opens its Answer to Hollywood

China's answer to Hollywood – The Oriental Movie Metropolis – officially opened on 28 April 2018, and is aiming to boost the domestic film industry and attract foreign producers. Based in Qingdao, the newly opened industry powerhouse is already the biggest movie production complex in the world, featuring some of the world's largest and most technologically-advanced facilities allocated on 376-hectares, comparable with the size of 500 football fields. Additionally to its main purpose, the Oriental Movie Metropolis will feature inter alia a celebrity wax museum, a film museum, Asia's largest movie theaters, a convention center, resort hotels, indoor theme parks, a permanent underwater stage and the world's largest studio pavilion (10,000 square meters). A total of RMB 50 billion has been invested in building the studio complex, which has been funded by Wang Jianlin, head of the Dalian Wanda Group. According to Wang, the Metropolis' film box office is estimated to surpass North America's by 2018 and double it by 2023. Therefore, 130 films are planned for production each year, including 30 foreign movies as well as the organization of its own international film festival. So far, the complex hosted some high-profile productions including "The Great Wall" and "Pacific Rim: Uprising."

## China's Gini Coefficient Exceeds 0.4 in 2017

China's rapid economic growth since the mid-1980s also entailed an accompanying downside: a widening income gap. In this context, China's Gini coefficient has been standing above 0.4 for years. UN-Habitat regards Gini coefficient of 0.4 the international alert line. Today, even while the economy slows, income inequality remains high in China. According to statistics from NBS, China's Gini coefficient reached a peak of 0.49 in 2008 and has since then dropped steadily. Unofficial estimates, based on long term longitudinal household surveys, suggest that China's income inequality was more severe than the official measure, peaking at a very high 0.533 in 2010. The Chinese government is striving to eliminate the remaining poverty in the country by 2020 and addressing further issues of the regional income disparity and the urban-rural wealth gap. Moreover, China is planning to promote more income equality through the improvement of the statistics system for Chinese citizens' income and expenditure. According to government officials, the government aims to enhance the supervision on income distribution system and improve price control. To maintain high-quality development of the

national economy, the government also aims to address related social issues including education, housing, and healthcare.

## Craft Beer Boom in China

Evidence found in Shaanxi province proved that China has an ancient tradition of making beer. 5,000 years ago, brewers were operating, using grains such as millet and pearl barley. Today, China has the largest beer market in the world, accounting to USD 28 billion and consuming a quarter of all beer worldwide. So far, the market is dominated by mass-produced lager, however, craft beer is rising in popularity as small breweries open in China's major metropolitan areas like Beijing, Shanghai, and Shenzhen. GlobalData found that by 2016, there were around 150 craft breweries around the country, up threefold from 2015.



However, imports continue to dominate the high-end beer sector. While a couple of years ago, craft beer made up only 0.3% of national beer consumption, it is now accounting to about 5%, estimated to grow by 30% yoy until 2020. This observation is interesting, as the overall beer consumption has been dropping and draft beers are typically more expensive than mass-market, low-alcohol content brews like Tsingtao. The reason for this is the growing middle class in China. Increasing incomes drive peoples tastes for finer products and the willingness to pay higher prices for craft and premium beers. This mirrors a global pattern that while consumers become wealthier they crave for better beers. Trend-setters in affluent coastal regions are especially are drinking less, but are selecting pricier beer.

## Are Chinese Residents Now Wealthier?

The Engel's coefficient measures food expenditure as part of total household spending and is regarded as a direct indicator of a family's or country's wealth. In this context, the UN considers a coefficient above 60% as poverty, 50-60% as barely meeting daily needs, 40-50% as a moderately well-off standard of

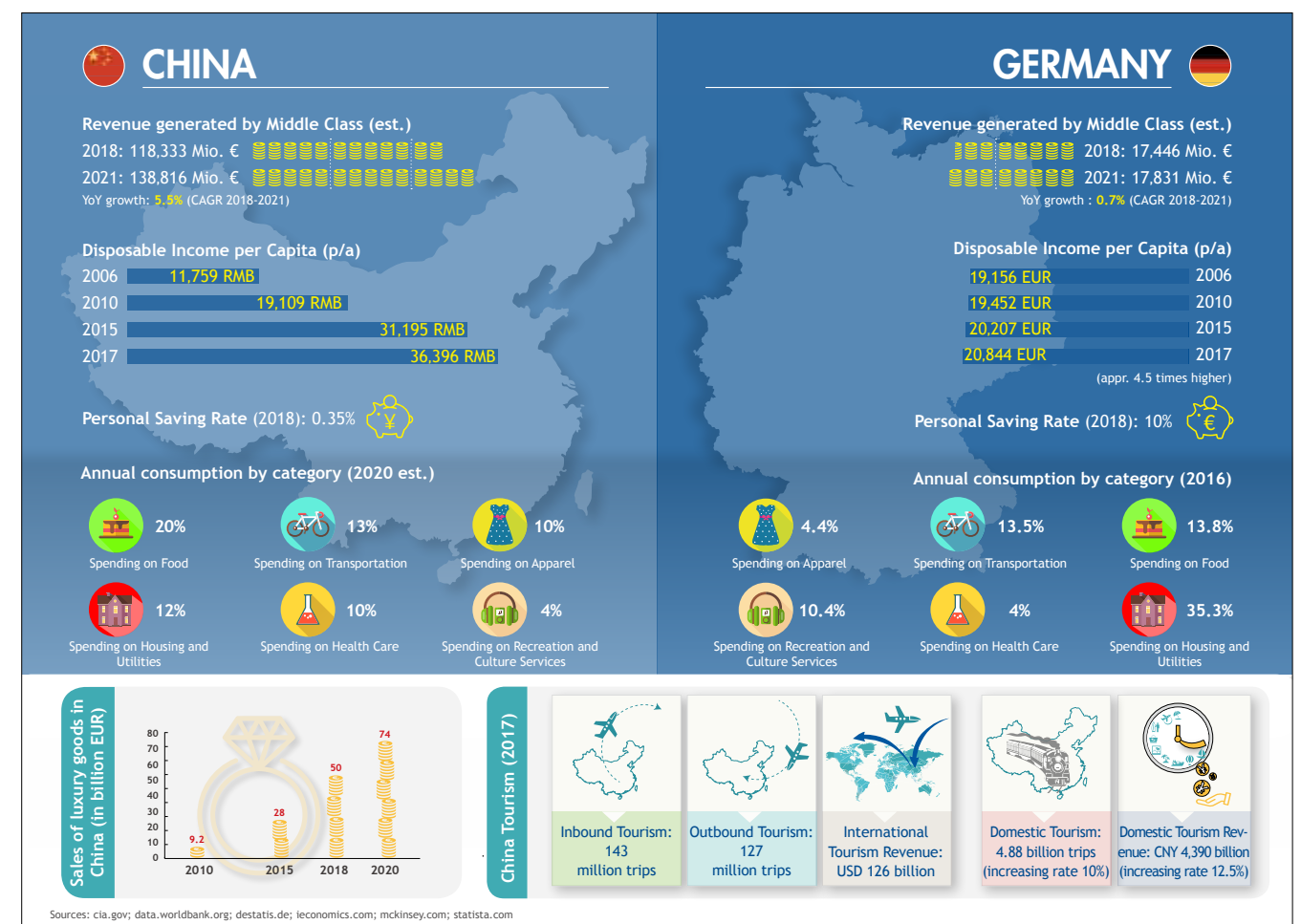
living, 30-40% as the relatively affluent, 20% -30% as the rich while below 20% as the extremely wealthy. According to the NDRC, China's Engel's coefficient dropped to 29.3% in 2017, reflecting an upgrade of the country's consumption. However, experts argue that especially in China many factors are affecting the accuracy of the coefficient, including, the dual urban-rural economic structure and hence an unbalanced development, as well as the diversity of China's population. Therefore, China is experiencing a rise of a better-educated middle-income class, which has a stronger demand for high-quality goods and services. Also, controlled prices of agricultural prices lead to lower prices of farming products, but at the same time a lower income for farmers. In this context, certain areas of China are indicating a coefficient around 25%, but some residents still lived in poverty. Moreover, the culturally determined love for food and the willingness to pay for quality food of Chinese people, limits the application of the Engel's coefficient. Consequently, the decreasing Engel's coefficient in China is reflecting the increase of durable consumer goods as well as a drop in their prices. Considering these factors, this economic indicator is not able to cover the complex conditions of China's quite different rural and urban structure and there is still a long way to go for the Chinese government to build a moderately prosperous society.



## Gaokao to Get Revamped

The National Higher Education Entrance, commonly known as *Gaokao* (高考), is the academic examination held annually in China and constitutes the sole determinant for admission to Chinese universities. The Gaokao was first instituted in 1952 under the new Communist government but was suspended during the cultural revolution until it resumed in its modern form from 1977, the year after Mao's death. Since 1978, it has been held every summer and more than 120 million Chinese students enrolled in universities since then. The test result will decide, regardless of the family background, what universities an examinee can attend, and consequently, determine whether he or

she will find a well-paid job in the future. Even though this system enables students from poor family backgrounds to decisively change their life direction, the academic ritual has been gradually losing consent due to its overemphasis on grades and cramming methods. Chinese authorities have been planning to reform the Gaokao and its enrollment system by 2020. The new system will provide more places in universities for students from rural areas and aims to build more vocational schools as alternatives to the higher education institutions. Meanwhile, some Chinese students decided for overseas study to bypass the Gaokao. In 2017, nearly 610,000 Chinese students attended schools and colleges overseas, with a yoy growth rate of almost 16% since 2007. However, the cost is extreme, leaving this alternative only for wealthy families.







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- 120 mins' drive to Qingdao Airport



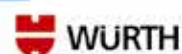
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# Catering to the New Middle Class by Understanding Them

*The size of the China prize has seen brands from every corner of the globe courting Chinese consumers alongside increasingly capable domestic brands. If new restaurants, wealth management products and tourism packages are included, more than 500 new products are launched every day in China, each vying for mindshare of an ever-more indifferent consumer, contributing to the most contested market on the planet. With such fierce competition, the best performing brands are becoming focused on much more targeted messaging, positioning, channels and even product development that is geographically-specific to their target markets.*

By MARK TANNER

In 2008, numerous Chinese e-made infant formula, milk and other food products were laced with the chemical melamine to give the appearance of higher protein. The resulting crime led the death of six infants, 54,000 hospitalized babies and an estimated 300,000 victims overall, significantly damaging the perception of safety and trustworthiness for many Chinese-made products.

In the ten years that have followed, China's market evolved significantly, becoming the most dynamic and competitive on the planet. New technology and trends have seen widespread adoption within two to six months—similar trends have taken one to four years in the West. Yet, whilst Chinese embrace constant change, the wounds of the melamine scandal are still raw. There remains an inherent lack of trust with many domestic brands in China, particularly with categories such as dairy.

The author has done numerous research projects with consumers spanning China, and there is an almost-unanimous belief that foreign brands are safer and better. For that reason, the author was quite surprised analyzing online milk sales to find that domestic branded milk was selling for an average of 39% more per liter than imported brands online. Initially, it made no sense that imported brands' better perception was not commanding a significant premium for its dairy, although only the surface needs to be scratched to understand why.

## Creating Products and Formats that Cater to Chinese Consumers' Unique Needs

Scanning the dairy isles of supermarkets or pages of e-commerce listings, one will note that almost all one-liter Tetra Paks of milk are imports. In fact, 98% of all one-liter dairy sales online are foreign brands. Unfortunately, most Chinese consumers don't like buying milk in large volumes. They are often worried about oxidization. When a carton is opened and gets compromised with air – that often heavily-polluted air – it is no longer considered fresh.

Many Chinese don't store milk in the fridge, preferring to drink it at room temperature or warmer, which further emphasizes the preference for unopened and single-serve packages. As Chinese don't generally drink large glasses of milk, they prefer smaller portion sizes. This is something Chinese brands understand and serve well, accounting for over three quarters of sales of most smaller formats, which are usually priced at a premium by volume. In almost every category, the author has found many foreign brands are offering formats and sizes that are not optimized to Chinese consumer preferences.

Similarly, those same foreign brands who are pinning their hopes on one-liter Tetra Paks are also filling them with plain white milk. Foreign brands account for 70% of all plain milk sold online in China. However, many Chinese don't want products made for the other 1.4 billion consumers and prefer products better tailored to their unique needs. Using the milk example, this could be milk that helps children sleep, children's brain development, children's bone strengthening, high-protein for fitness-focused millennials, strengthening joints for older generations ... the list goes on. Across almost every category, smart brands understand their target market needs and provide options segmented to them, charging a premium in the process.

There are other categories such as drinking yoghurt which is now larger than the liquid milk category, higher value and growing many times faster. Domestic brands account for 92% of the drinking yoghurt sold online. It is a similar story with flavored milk.

In short, even with this natural advantage, a limited understanding of the market has seen many imported dairy brands squander this opportunity by not providing relevant offerings for consumers.

## Moving Beyond a One-Size Fits All Approach to China

Foreign brands in China are increasingly aware of the need to localize for China. Whilst many brand owners realize that China is starkly different from region to region – even more diverse than Europe – in the same breath they will localize with a homogenous China-wide approach.

China's cities are enormous markets in themselves. Shanghai's GDP is greater than the UAE in value and its population is higher than Australia's. Most brands would localize specifically for either of those countries but don't do so in China. According to China Skiny, There are 153 prefecture-level cities in China with more people than Berlin, and 13 cities in China with a GDP of more than a trillion RMB (EUR 126 billion), similar to countries like Hungary, justifying some city-specific localization.

The size of the China prize has seen brands from every corner of the globe courting Chinese consumers alongside increasingly capable domestic brands. If new restaurants, wealth management products and tourism packages are included, more than 500 new products are launched every day in China, each vying for mindshare of an ever-more indifferent consumer, contributing to the most contested market on the planet.



With such fierce competition, the best performing brands are becoming focused on much more targeted messaging, positioning, channels and even product development that is geographically-specific to their target markets.

One of China Skinny's clients Intercontinental Hotels Group is a good example to watch. They have opened 300 hotels in China and are planning around 240 more in the next three to five years. "In such a saturated market, gone are the days of 'standards' or 'model' hotel restaurants," says Ronald Yang, IHG's Director of Restaurants & Bars and Concepts & Design, Greater China. "A lot of the food and beverage development work that we've been doing is relating to 'fitting' each market where customer perception of hotel dining and the average – or intended – spend is a key to success."

Whilst not every brand may customize to the level of IHG, there are some considerations that they should consider:

#### Geographically-Specific Products and Services

It's well-known that food preferences can vary immensely from region to region in China. People eat noodles in the north and rice in the south, spicy in the West, salty and oily in Shanghai, so they say. But regional preferences are influenced by much more than food. If you are selling skincare, consumers in dry and polluted Beijing are likely to have different needs to those in subtropical, and relatively less-polluted Shenzhen.

China's varied weather, landscapes and general culture often influences how consumers behave. This can sway everything from how consumers get fit to what is important on holiday. If you look at consumers in Beijing they are two to three inches taller than those in Guangzhou. They are also more than twice as likely to be overweight than Chinese as a whole. That is likely to impact everything from what clothes they buy to the size of car they may consider.

#### Messaging & Positioning that is Relevant by Geography

Localizing advertisements with shots of the Pearl Tower for Shanghai consumers, or the Forbidden City in Beijing can show some love to the locals, but messaging cues should be much more sophisticated and not hinged on old clichés. Numerous research projects the author has done found notably different messaging resonates with consumers in different regions.

In Beijing, for example, family bonding with nationalistic undertones resonate where men are more macho. In Shanghai, men sway towards the metrosexual and Shanghaiese consumer in general relate to more creative, aspirational and international positioning. More functional messaging sits well down in Guangzhou and Shenzhen; however the two metropolises remain different in many ways. Guangzhou is an old city where around 80% are native Cantonese speakers living close to families. A 30-minute train ride to Shenzhen sees a town of migrants with Mandarin the most spoken language. The messaging themed around the family – forever popular in China – is likely to be different for someone in Guangzhou who sees their family weekly, or even daily, versus migrants in Shenzhen who may only see their families every Lunar New Year.

That's just a few examples covering the tier-1 cities. Sophistication and preferences usually change with city tier and it can be worthwhile tweaking messaging and positioning for main target cities, regions, and clusters.

#### A New Take on Traditional Promotional Channels

Localizing TV, radio and newspaper commercials is often a quick win to make local consumers feel a little more connected to your brand, particularly in lower tier cities which are not as used to attention from foreign brands.

Yet the less obvious channels are often those that need the most thought. In-store promotions and sampling are a popular strategy in China, particularly for imported brands introducing less familiar products that warrant trial. For a start, retail in China is very fragmented regionally, so brands may need to follow different sets of guidelines in different chains. In addition, the effectiveness of such promotions varies dramatically between cities. 38% of Shenzhen consumers consider in-store promoters to be credible sources of information for food and beverage versus 12% in Nanjing, according to McKinsey research.

#### Digital Marketing

Many brands have identified online channels such as ecommerce, social media and websites as a way of reaching disparate geographies. Whilst this is true to a point, smart brands know that the return on digital initiatives can be improved with localization and personalization, particularly with the rise of localized O2O (Online to Offline).

WeChat allows unique QR codes for different locations allowing marketers to segment fans, enabling localized messages to be sent. Its advertising has an increasingly complex set of variables including city or province. Similarly, with Alibaba, Baidu and other Chinese search engines, advertising messages can be localized and directed to city-specific landing pages.

#### In Short: Define and Understand Your Target Market and Be Relevant and Resonant to Them

No one selling or planning to sell in China should be under any illusion that China is an easy market. Yet, for those brands who make the time and investment to understand the market and then develop and execute strategies that play to their strengths are best placed for success here.



Mark Tanner

Mark Tanner is the founder and MD of Shanghai-based China Skinny. He has worked with over 150 foreign brands in China across 22 categories providing research, strategy, branding and new product development services. China Skinny has native German speakers in its Shanghai office and an experienced China practitioner based in Germany. For more information visit chinaskinny.com, email info@chinaskinny.com, or call +86 21 6256 9082 in China or +49 157 8844 0266 in Germany.



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# How the Middle Class is Driving the Fitness and Outdoor Sports Industries in China

*Equipped with significant purchasing power as well as advanced awareness for a healthy lifestyle, the middle class is the major consumption group for high-end or niche sports and fitness consumption. In this regard, it is interesting to look at the fitness trends driven by middle class by indoor activities and outdoor activities respectively.*

By ZHE TAO

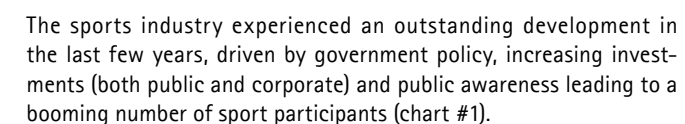
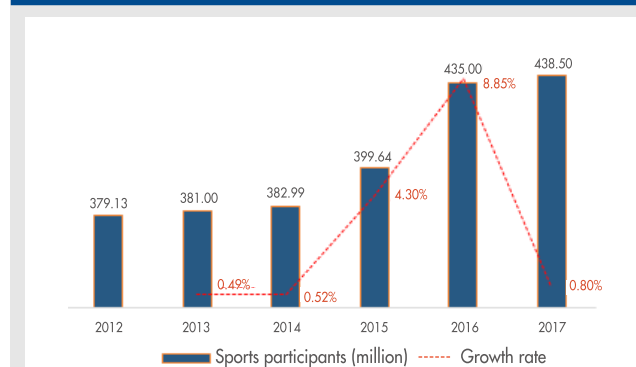


Chart 1: Sports Participants and Growth Rate in China (unit: million)



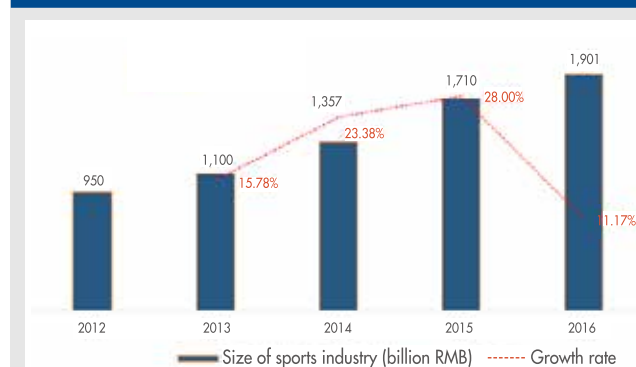
*Data gathered from Zhiyan*

Since 2014, in line with the overall goal of creating a domestic high-end consumption-based industry, especially relying on service sectors, the government has introduced a series of policies to facilitate the development of the sport and fitness industry. The vigorous government support has resulted in increasing investment and social concern that boost the sector. Still, in this perspective, how did the consumer, and especially the Chinese middle-class, has proven to be a force for this development and how can new entrants leverage this favorable context?

## The Growing Size of the Sports Industry has Resulted in Market Segmentation and the Rise of Fitness

According to National Bureau of Statistics, the sports industry in China has been growing steadily with a great potential. It is expected to reach RMB 5 trillion by 2025. In addition, the on-

**Chart 2: Market Size of the Sport Industry in China (billion RMB)**



Size and growth rate of sports industry in China 2012-2016, data gathered from National Bureau of Statistics

line sales of sports products have also been thriving. According to 2017 Internet Sports Consumption Report released by JD, online sales of sports products in 2016 were double the value in 2014. The sports industry's development has opened opportunities for market segmentation and one of the main market benefiting from this trend has been the fitness, especially popular among Chinese middle class. The size of China's fitness industry in 2015 was RMB 800 billion and is expected to reach RMB 3 trillion in 2025, which will represent a 275% growth rate over ten years.

Middle class has been rising rapidly and driving the sports and fitness consumption.

China has the largest population of middle class in the world with 109 million in 2015 and it is expected in to reach 200 million in 2020. We define the middle class according to Credit Suisse's definition, i.e. the group of people with wealth of USD 28,000 to USD 280,000.

This middle class, with its large population base, considerable wealth and advanced consumption awareness, has been the driving force for the third consumption upgrade in China focusing on consumption structure. The "new" middle class especially, consisting of the post 80s generation, has formed a new consumption culture shifting various industry and creating new opportunities for emerging sectors, related to leisure activities. Chart #3 shows that sports and fitness ranks no.7 in the main consumption categories of new middle class in 2017. The study also reveals that 44.8% of the new middle class exercises regularly and the primary motivation to exercise is health maintenance.

Chart 3: Main Consumption Categories of New Middle Class in China (2017)



*Data gathered by iResearch*

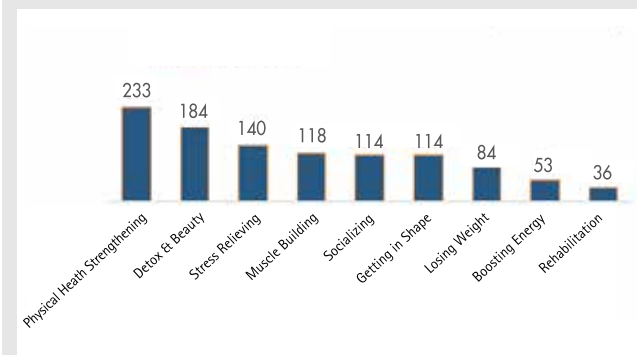
## The New Middle Class Tend to Participate in Fitness for a Health Lifestyle Instead of Weight Loss

*Target group: New middle class in Tier-1 cities, aged between 25-40 with at least university education level.*

According to the study by DataStory, weight loss is no longer the principal purpose for new middle class to engage in fitness. Baidu



Chart 4: Motivation of New Middle Class Towards Fitness (index-based 100)



Data gathered by DataStory

Index, which is exhibiting the trends of searches on China's main search engine, also shows a declining search trend of "losing weight" over recent years. Instead, the younger generation of middle class shows a tendency to pursue a healthy lifestyle by exercising mainly for physical health, strengthening, detox and beauty, stress relief, socializing and getting in shape.

Equipped with significant purchasing power as well as advanced awareness for a healthy lifestyle, the middle class is the major consumption group for high-end or niche sports and fitness consumption. In this regard, it is interesting to look at the fitness trends driven by middle class by indoor activities and outdoor activities respectively.

### Indoor fitness: increasing requirements toward high-end and connected gyms

Due to the upgrade of sports consumption, there is increasing demand and requirements for gyms in China to provide professional and customized training to consumers, especially for high-end consumers. Baidu Index shows a significant growth in terms of searching "gym" over recent years.

### Fitness Enthusiast are Looking for More Premium Options

Although the majority of gyms are still traditional large chains, in tier-1 cities where fitness industry's development is more mature, traditional fitness clubs or gyms can't meet the increasingly segmented demand of customers, especially high-end customers. Therefore, premium fitness studios are rising since they are able to provide tailored fitness plan and personal service to customers, which is helpful for improving customer stickiness.

Shanghai and Beijing have the most gyms as well as the highest percentage of fitness studios. By 2016, fitness studios in Shanghai and Beijing accounted for around 13.5% and 11% respectively, which is driven by the middle class's stronger consumption power in the developed cities. Considering the target market, new fitness studios usually are located near CBDs, commercial centers, and high-end residential areas.

### Individual Follow-ups are More in Demand

Fitness coaches or instructors are the core resource for a gym. A recent study suggests that 63% gym members go to gyms because of fitness coaches. What's more, customers have started to take more initiatives in terms of choosing coaches in order to improve fitness efficiency and receive professional fitness instructions. According to Everbright Securities, when regular gym members choose coaches, the top factor to consider is the professional knowledge and skills of coaches. Middle class has shown higher requirements for fitness coaches. To meet their more diversified and targeted needs, personal trainers that provide personal and customized instructions are highly in demand, which is the reason consumers go to premium fitness studios. Baidu Index shows a considerable growth in terms of searching "personal trainer" especially since 2015.

### The O2O Opportunity as Consumers Seek More Continuity in Their Programs and Access to Community of Users

Fitness apps are booming. They are of the leading trends in the digital market today, and cater to the increasing demand of users. For fitness centers and coaches, setting up a O2O model is becoming a must-have. The usage of sports and fitness apps are strongly driven by new middle-class users which seek more convenient fitness options, but also a networking tool allowing users to build an online community and share their fitness achievements. For new offline entrants in the fitness industry, these apps can as well be complementary features to their offer (keep metrics about their workout, send notification related to their training program, implement nutrition tips, etc.) as they can be an opening key to better client acquisition. Users now use these apps to make appointment and select gyms, often converting directly on the platform through registration forms. Moreover, social platforms such as WeChat will also allow strong follow-up. By enabling more functions on We-

Chat and complementing them with its app, many new entrants have strengthened not only their brand image but their social interaction functions, as expected by the middle-class consumers.

### Outdoor Fitness: Middle Class is Driving Premiumization

Besides indoor fitness, there are a variety of outdoor activities that are becoming popular among middle class. According to a study by GuotaiJu Nan Securities, skiing, underwater diving, car racing, fencing and golfing are popular outdoor sports for middle class. The middle class's consumption upgrade is reflected by the pursuit of health, class, and extremity when it comes to choices of sports. These high-end niche sports led by the upper class are gradually penetrating the middle class and becoming more popularized. The popularity of these sports activities is also facilitated by large international competitions. More recent studies suggest that, hiking, running, swimming, and badminton are popular sports aiming for new middle class mainly consisting of the younger generation in tier-1 cities.

### The case study of the ski market: emerging sport is driven by consumption upgrade and 2022 Winter Olympics

The 2022 Beijing Winter Olympics is four years away, and the skiing industry has been developing prosperously. Since Beijing successfully bid for the Winter Olympics in 2015, snow sports, especially skiing, has attracted a lot of attention and investment. According to recent studies, the skiing industry size in China has been growing steadily in recent years powered by the continuous growth of ski resorts and population of skiing. The growth peak in 2015 and 2016 indicates the impact of the successful bid, which is based on the consumption

upgrade. Strong consumption power and the will to experience more niche sports are the underpinning for the game effect. Penguin Intelligence forecasts the domestic industry size is going to reach 615.2 billion RMB by 2020.

### Conclusion: Premiumization, Digitization and Socialization as Key Drivers for Any New Entrant Success

The middle class in China has been growing with increasing demand toward a healthy lifestyle. It has brought more opportunities as well as higher requirements for the fitness and outdoor sports industry. To cater to segmented consumer needs, the fitness and outdoor sports industry has become increasingly diversified and premium, also developing an O2O model that should be the norm for any new market entrant, promoting a fitness vision closely connected to socializing and networking.



Zhe Tao

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## Ming Cheng Chien Leads New LANXESS APAC Region



LANXESS has appointed Ming Cheng Chien as President Asia-Pacific Region effective August 1, 2018. The new regional organization led by Mr. Chien covers Greater China, Japan, Korea, Australia, New Zealand and the ASEAN countries. "LANXESS Greater China achieved a sales increase of more than 11% year-on-year in the second quarter on the back of strong business performance across all segments," said Ming Cheng Chien. "And by formally establishing the new LANXESS Asia-Pacific region on Aug. 1, 2018, we have built a strong platform for leveraging cross-regional and cross-business synergies to drive the Group's growth throughout the Asia-Pacific region in the coming years."

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With the increasing application potential of high-tech thermoplastic materials and the growing demands of the Asia market, LANXESS is establishing a new high-performance engineering plastics plant in Changzhou, expected to start operation in Q2 2019. The innovative materials allow the construction of components to replace metal parts in motor vehicles and thus contribute to reducing weight, fuel consumption and emissions. LANXESS plastics are used, for example, in engine applications, door structures, pedals, front ends and cockpit cross members. Depending on the part, the lightweight construction can make a weight-saving of up to 50 percent.

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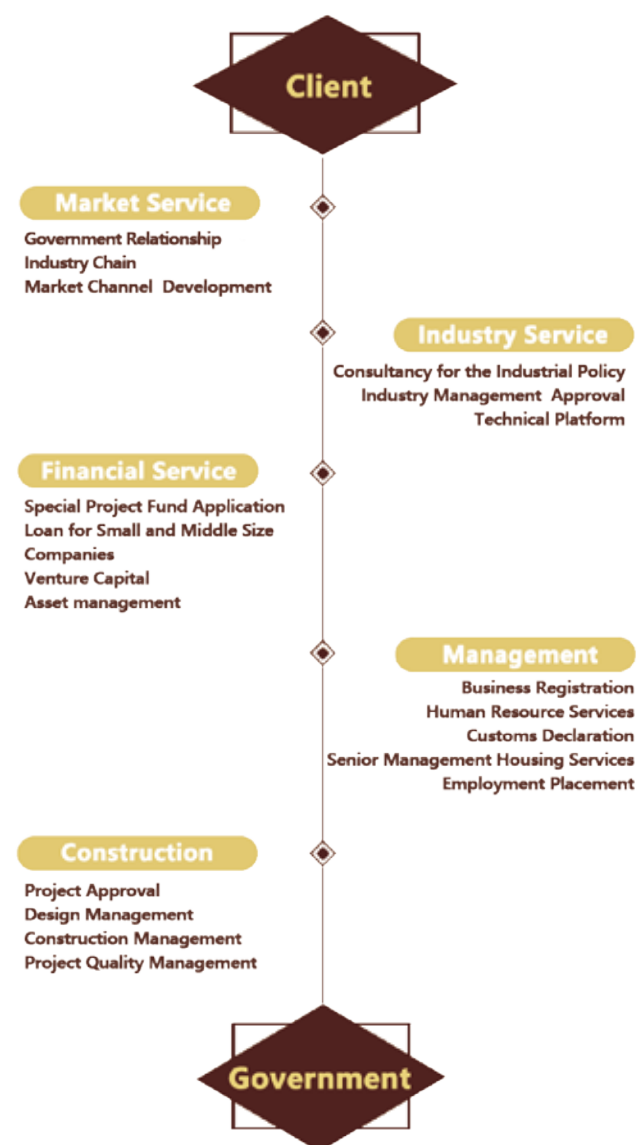




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## Let's Try That Again: Is China on the Verge of a LOHAS 2.0?

*The Chinese Government's got a thing for green. But, do middle-class consumers care as much?*

By JOHN PABON

*The Chinese Government's got a thing for green. But, do middle-class consumers care as much?*

Just a few years ago, the "lifestyles of health and sustainability (LOHAS)" concept was all the rage. Consumers were turning away from ostentatious displays of wealth, trading in Prada handbags for organic clothing, fast food for farm to table. Unfortunately, LOHAS became just another short-lived fad. Exorbitant prices kept LOHAS confined to those who could afford it. Perhaps it was just ahead of its time. A Reuters report from that period noted sustainable consumption to be on the "fringe" in China. Without a wide foundation of support, it's easy to see why LOHAS quickly faded away.

*But, what about today? Is there enough support for a LOHAS 2.0?*

A 2017 report from the China Chain Store and Franchise Association shows that 70% of Chinese consumers are now aware of sustainable consumption. That's quite a change from only a few years ago. Of these consumers, 30% "...fully believed that personal consumption has a direct impact on the environment." The main reason for adopting more sustainable behaviors, though, had nothing to do with the earth. More than 70% of respondents stated safety and health as their primary concerns. For this, as well as earth friendliness and quality, interviewees were willing to pay a 10% premium.

There are several key factors leading to these contemporary changes in consumer attitudes.

- First, there are more green products available on the market. This allows for wider product marketing, distribution, and general consumer knowledge.
- Second, prices for green products are more reasonable than they were in the past. Mainland respondents to a Hong Kong Trade Development Council survey noted promotional campaigns and fierce competition between green and non-green products driving down prices.
- Lastly, and possibly the most important factor, is ease of purchase. Green products are widely available both offline and online through multiple purchase channels.

With all these positive changes in just a short period of time, the stage seems set for LOHAS 2.0. Industrial micro-trends, particularly in the fitness, health and wellness, and technology sectors, are also encouraging China's middle-class consumers to lead lifestyles of health, safety, and sustainability.

### Getting Active

Late last year, China was named the world's fattest country. Currently, 10.8% of men and 14.9% of women are considered overweight. The World Food Program notes 23% of boys and 14% of girls under the age of 20 are overweight or obese. While much of this is concentrated in China's wealthier urban centers, rural areas are not immune. One study found that in rural Shandong, obesity grew by 1,700% in boys and 1,100% in girls over the past 20 years.

As a seeming response to these statistics, engagement in physical activity across China is booming. Gym attendance alone has increased by four to five million people annually since 2011. In fact, 76% of urban Chinese now say they participate in sports or other physical activities compared to only about 56% in the United States.

Health is the primary driver for these increases in physical activity. Over 60% of active urbanites cite overall health as their main motivating factor. They are also concerned with mitigating stress and improving their appearance, but to a much lesser degree than respondents in the U.S. or Europe. Alina Ma, an analyst at market research firm Mintel, notes "...urban Chinese consumers report feeling healthier today than they did two years ago. While a good number of them are more interested in holistic and non-medical health management approaches...channels that cost consumers less money and time are preferred." That means cheaper, quicker alternatives will typically win out over long-term investments.

Even this, though, is evolving. In speaking with Enrique Zhao, a Shanghai-based personal fitness instructor, an informed middle-class consumer is now a pickier consumer. "Customers are much more informed and have higher expectations. Before, gyms would try to please everyone. Now, we're seeing specialty boutique experiences, gyms, and trainers offering a prescription for modern urban problems."

The Government is also jumping on the physical fitness bandwagon. The Healthy China 2030 plan aims to promote "health as habit" by increasing health standards among citizens. Food and beverage companies like Yum! are getting behind the measure. In the sustainability world, public/private partnerships like these are the Holy Grail for positively impacting consumer behavior. While it's still early days in China, one can already see the middle class fiending for fitness.

### You are What You Eat

In much the same way as growth in the physical fitness space, general health and wellness is spreading as a response to uniquely Chinese issues. There is a voracious appetite for healthy products to counter the stresses of daily life in fast-paced cities, erosion of trust in food safety, concern about harmful pesticides and heavy metal residue in vegetables, fruits and water, and an advertising environment that is permissive of many dubious health claims. Where these changes are most apparent is in what middle-class consumers are now choosing to put in their bodies.

According to the China Health Care Association, annual health food sales in China are at around RMB 200 billion (EUR 25 billion). While this pales in comparison to more established markets like the United States, Euromonitor International points out China is the world's largest growth market. This includes organic foods, where China has grown to become one of the top four organic markets worldwide. The National Certification and Accreditation Administration notes organic food sales in China grew by 20% in 2017 alone. In urban centers like Shanghai and Beijing, 71% of survey respondents indicated they were willing to pay upwards of 50% more for organic products. That means China, long an exporter of organic produce, needs to start keeping these goods closer to home. As Chinese organic exports slow, major importers like Germany, France, and Canada will need to figure out where to fill the gap.

Healthy eating, in general, is also seeing a boost across China. An influx of quick-serve retail restaurants over the past few decades have thrown traditionally healthy Chinese meals out the window. Now, we are seeing a return to nutritious meals. Today, China consumes 40% of the world's fruits and vegetables. Forbes reports nearly 90% of Chinese consumers now drink some form of plant-based beverage made from juices, soybeans, or grains. There is also



an increase in vegetarianism and veganism, with Xinhua reporting a 5% national prevalence. Compare this to a 3% prevalence in the United States and Russia.

There is also a push for supplementation and nutraceuticals. With a 6% annual growth, the market is expected to reach RMB 150 billion (EUR 19 billion) by 2020. The Financial Times reported that nearly half of urban consumers regularly buy vitamins and dietary supplements. What are they buying? Alongside traditional sports nutrition and vitamin supplements, there are increases in pediatric supplements given the relaxing of the One-Child Policy, as well as traditional Chinese medicine.

A number of recent high-profile acquisitions also reveal just how important supplementation is to China. In 2016, Chinese companies acquired two of Australia's largest supplement brands. Several proposals by Chinese companies are out for the purchase of American retailer, GNC, as well. All of these acquisitions mean companies once offshore can now sell into the Chinese domestic market. According to Andrew Kuiler, CEO of China brand consultancy The Silk Initiative, this can't be a free for all. "Australian and American companies have already dominated the market. For European companies, the key will be to focus on what makes their products uniquely European" instead of following along a well-trodden path.

### Connecting it All Together

Lastly, and not surprisingly in China, technology is furthering the notion of LOHAS 2.0. Technology companies are responding to changing consumer demand, and a hyper-competitive market, through the sphere of social and environmental wellbeing. A movement towards using tech for good is following the country's exponential rise in information technology. Yann Boquillod, Director of global air quality monitoring application IQAir Air Visual, notes, "...big data and artificial intelligence are bringing innovative ways to solve problems."

One of the more innovative solutions grabbing the market today is smart, or connected, living. The European Commission defines smart living as involving "...improved standards in several aspects of life, whilst striving for efficiency, economy and reduction of the carbon footprint." From connected kitchens, to electronic personal assistants, to remotely controlled homes, the Chinese smart home market is heating up. Currently, only 5% of homes use smart electronics but this will rise to 22% by 2022. Revenues in the space are also growing by nearly 40% year-on-year. Although increasingly crowded, both by multinational and domestic brands, China is a market ready for a digital revolution in the home.

Granted, having a smart home is likely out of reach for many middle-class consumers today. As an incubator, however, the concept is gaining traction. Driving this are wealthy early adopters. They skew younger, have more disposable income, and are urban. Early smart living adopters are also already living what they consider a healthy lifestyle. According to YouGov data, this cohort eats well and is willing to pay more for organic products. They want a healthy work/life balance as well. Overall, they are a microcosm of larger middle-class Chinese trends.

What the YouGov data reveals, as well, is that although this demographic claims to care about promoting lifestyles of health and sustainability, there are other drivers at work. When looking at buying preferences, we see this demographic willing to pay more to have the latest, most popular products or brands. They do this as a

means of showing they are connected to trends as well as living a healthy, sustainable life. Essentially, sustainability has replaced the Louis Vuitton handbag as a status symbol. That means smart living could do what LOHAS 1.0 could not: make sustainability accessible, easy, and cool.

For multinational brands trying to crack China's green code, and tap into LOHAS 2.0, there are a few things to keep in mind.

- First, be relatable. Relate your messaging back to safety. In a country plagued by scandal, shoddy craftsmanship, and cut corners, show how your product is safer.
- Second, be smart. The market is already saturated with fitness clubs, health food products, and lifestyle coaches. Understand exactly where you can add value, what consumers actually want, and where the market's heading.
- Third, be prepared. The China Food and Drug Administration approved a total of 16,631 health food products in 2017. Only 4% of these were from foreign companies. With domestic firms dominating the market, how can newcomers differentiate to win?
- Fourth, be patient. Don't expect consumers to change their bad habits overnight. To create truly healthy lifestyles, education and playing the long game are going to pay off.
- Lastly, be everywhere. There is a big gap in the successful implementation of online to offline sales. No place is this more apparent than green consumption. Make sure positioning, messaging, and pricing line up between all your channels.

It's clear green consumption is a rapidly evolving area of the Chinese market. With such public displays of support from the Government, and gravitation by the middle class, one can only expect consumer understanding of the space to continue improving. This means an increase in attention towards, expectations of, and spending on products aligning with sustainable lifestyles.



John Pabon

John Pabon is the founder of Fulcrum Strategic Advisors. He has spent the last 15 years promoting sustainable development and stakeholder engagement, including work with the United Nations, McKinsey, A.C. Nielsen, and as a consultant with BSR, the world's largest sustainability-focused business network. Over the past 6 years, he has also chronicled the societal impacts of China's economic rise in his blog, John's Little Green Book. He is a regular contributor to China-based business magazines, speaks to an array of global audiences on issues of sustainability and societal change, and has been recognized as one of the world's top 100 China analysts.

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# The Chinese Consumer: Individuality Replaces Label Cult

*Luxury brands flourish in China and the Chinese market for luxury goods constantly sets new revenue records. There isn't a single other country in which the 'customer journey' is as digitalized as it is in China – and Chinese consumers are clear trendsetters in the area of digitalization. Brands are increasingly challenged by how to meet the growing hunger of Chinese consumers for luxurious products and extravagant experiences. A strategy focused on 'digital – emotional – local' will surely have a very high chance to succeed.*

By MADLIEN LORENZ

## 100 Maserati – Sold Online in 18 Seconds

100 Maserati in 18 seconds or 300 TOD's handbags for USD 1,620 each in less than six minutes. Just two examples which impressively show how inevitable the Chinese market has become for brands serving China's increasingly prosperous consumers. Chinese consumers' hunger for consumption seems unstoppable – and the price does not seem to matter for many. While China is often still perceived as a low-cost manufacturing hub for cheap products, China simultaneously has evolved into a market accounting for almost one third of global luxury consumer spending. Latest forecasts expect the share to increase to 40 – 50% within the next ten years.

Chinese 'premium-product' consumers are also increasingly aware of their importance they have for globally operating consumer brands – and expect global brands to increasingly cater to their individual needs. In the past, 'Made in Germany' or 'Made in France' almost always guaranteed successful sales of consumer products in China – those times are long due. Chinese consumers shop more selectively and increasingly demand products customized to the Middle Kingdom's specific taste. While in the past, customers strived for products with large-scale brand displays, a much more subtle and exclusive brand exposure is asked for by the growing middle-class consumer groups in tier 1 and 2 cities nowadays. While consumers in lower-tier cities still happily shop the obviously branded products, consumers in the large megacities demand exclusive products to express their individual styles – and thus differentiate themselves from the mainstream goods everyone can buy with enough cash. And the entire customer journey is becoming almost as important as the consumed product itself – shopping needs to become an experience filled with excitement.

This challenge isn't easy for global brands to master. And it becomes even more challenging when considering the differences of luxury consumers in China compared to other regions: In China, the average customer of luxurious products is only aged 33 years. In comparison, luxury consumers in Europe are at an average age of 47, while in the US at even 58. Similar differences can be seen in the income structures across the globe: while the average age of the 400 wealthiest people in the US is 67 years, their Chinese counterparts are more than a decade younger. While in the US, high-net worth individuals (i.e. those with liquid financial assets exceeding USD 1 million) account for ~60% of luxury spending, in China, such income group only accounts for <20%. Brands not only need to appeal to a much younger target group – they also need to attract a much wider audience in terms of income, job profile, habits and tastes.

Younger Chinese shoppers also present themselves as a much more online-focused but also increasingly sophisticated consumer cluster – the customer journey needs to become much more digital than for Western counterparts. Driven by a highly technology-savvy consumer group, and a still rather poorly distributed offline appearance of many brands throughout China, Chinese consumers became experts in purchasing luxury goods online as well as at competitive prices from abroad. Especially overseas personal shopper ("Daigou") selling luxury products from Europe and the US on Chinese e-commerce channels and WeChat became popular sources for young Chinese to purchase latest luxury products. Besides a more competitive price, access to a much wider product variety is a key motivator for such 'online' shopping. Despite recent decreases of import tariffs on luxury goods by the Chinese government, most overseas luxury products are still ~10 – 20% more expensive than in the West.





Emotional, Digital, Local – Chinese consumers want exclusivity, individuality and experiences

In order to successfully and sustainably reach Chinese luxury consumers along the entire customer journey, EAC has defined three clear guiding principles for brands in China through a comprehensive study of Chinese consumers. Successful go-to-market strategies need to emphasize three important aspects:

- Digital experiences
- Personalization
- 'China matters'

### Digital Experiences

A Chinese consumer's everyday life is impossible without a trace of digitalization. In China, one is perfectly at ease leaving home without a wallet – a fully charged cellphone with a WeChat or Alipay account is all that is needed. The local snack from the street stall, the taxi ride, the fruits from the neighborhood wet market and the grocery shopping list can all be purchased with just a simple click, fingerprint and swipe on one's smartphone. Entire supermarkets and restaurants are already functioning without personnel – all just navigated through one's phone. In China, O2O (online-to-offline) almost feels like a story from the past – O2O2O (online-to-offline-to-online) is the new consumer trend. 小红书 ('Little Red Book') is a perfect example: it is the first company starting as a purely online-based product assessment platform suddenly pushing into physical stores.

More and more companies try to integrate their online community into their offline store, events and experiences. Lancôme, as one example, organizes regular make-up sessions hosted and run by favored beauty bloggers across their stores. Those KOL's, so-called 'key opinion leaders' – known as influencers in the West – have become an important Marketing, but increasingly also Sales channels for consumer brands in China. Especially young Chinese consumers, aged 18 to 34 years, regard KOL's as a highly reputable source of information. While ecommerce platforms, such as Taobao or JD.com, are still the main source of information collection about different brands, KOL's are named as the key source of decision influencing for that younger age group in various studies: 55 – 70% of consumers usually stated KOL's as their #1 influencer, followed by friends/ family, discounts given by brands and overall perceived brand reputation.

### Individualism and Personalization via Social Media

Product personalization has never been more important. Creating opportunities to individually design products for Chinese consumers not only helps to attract the interest of Chinese consumers in buying one's products – but, at the same time, it helps for consumers to bond with one's brand, to connect the brand with emotions.

In China, brand storytelling and connecting with Chinese consumers increasingly happens on China's social media platforms such as WeChat, Weibo and Douban. Increasingly, social commerce platforms such as Pinduoduo and Xiaohongshu as well as the rapidly growing short-video apps Kuaishou and Douyin offer a similar brand exposure. Names mostly unheard of in the Western world average with 100 – 500 million active users and are oftentimes valued beyond USD 1 billion at IPO. WeChat, with 1 billion monthly active users, already became an integral part into every day's life of Chinese consumers – and many platforms follow. As such, those platforms provide an excellent opportunity for brands to create a tight bond with consumers at comparably low cost and efforts. And again – being present in relevant social media channels – also creates an emotional connection to brands. Emotions, which in the past were often oppressed in a dynamically evolving society, are increasingly being valued and even searched for by prosperous Chinese consumers.

Beyond storytelling and content marketing, luxury brands increasingly bet on Chinese social media platforms to enable Chinese consumers to customize their own products. French handbag brand Longchamp for example launched a "Longchamp Customized Boutique Shop" within WeChat that can be accessed either directly via their WeChat store or by scanning a QR code in one of their shops. The mini-program then allows customers to design their own Longchamp handbags by selecting the color and other product features directly within WeChat.

In addition to customer-centric product customization, brands increasingly create special edition items in collaboration with China's famous KOLs, which millions of consumers follow and associate with a good taste. French luxury fashion house Givenchy has exclusively worked with China's fashion KOL Gogoboi to launch a unique collection of seven different bag designs which could exclusively be purchased through Gogoboi's Wechat Store "Bu Da Jing Xuan" – the classic edition was sold out within half an hour, all remaining bags within 72 hours after launch.

MINI Cooper cooperated with Chinese KOL Becky Li, to promote a limited-edition Countryman painted in a specially chosen Caribbean aqua color. 100 cars were offered – and sold out on WeChat within about three minutes of the launch. Li pre-announced the special sale a few days prior to the official launch and had thousands of followers sign up to buy one. The MINI brand perfectly utilized of Li's positioning at the crossroads of fashion and styling as well as being independent and joyful.

### Show 'China Matters'

With growing income levels, we also see a certain national pride evolving throughout China – not in terms of politics or economics, but in terms of tradition, culture and heritage of China and the Chinese. Most successful are those companies that work with tra-

ditional Chinese materials, habits and patterns or those that appeal to socially relevant topics. A 2016 SKII campaign achieved a 90% jump in revenues through a very emotionally touching campaign showcasing the struggles of Chinese 'leftover women' – those aged 30 or above not being married. Again, it's ultimately also about touching consumers emotionally and to show that China matters. Chinese consumers become increasingly sophisticated, assimilate Western living standards and thus become more demanding when it comes to product design and features. Therefore, companies need to develop in-depths consumer understanding and carefully design their product offerings accordingly.

A leading German manufacturer of premium products for showers, bath tubs, wash basins and kitchens also followed this concept: Through dedicated customer profiling and O2O channel prioritization, products were better targeted and specifically designed for local needs – based on local water specifications and bath/ showering needs of Chinese consumers. Products were no longer sold as pure 'goods' but as a showering experience – both in the B2C as well as B2B business. By combining local products with an emotional experience and more digital sales and marketing channels, the China revenue grew by a strong double-digit growth rate.

China is evolving at a very different speed than many other mature – and emerging – markets are, and many believe China won't be following much longer but leading instead. Of course, there is no one-size-fits-all approach in targeting the Chinese luxury consumer – but EAC's extensive China experience shows: those brands succeeding in appealing to Chinese consumers in a digital, emotional and local matter surely will have a very high chance to succeed.



Madlien Lorenz

Madlien Lorenz, Managing Consultant at EAC, spent the last six years in China advising consumer-focused brands on go-to-market strategy, business model innovation and customer centricity. With offices in Germany, China, India and Russia, EAC has been supporting clients for 25 years in all aspects of a successful business – from strategy definition to operational implementation – along their core functional competence centers Strategy, M&A and Operational Excellence. She can be reached at Madlien.Lorenz@eac-consulting.de

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Berlin, 9. Juli 2018 / 柏林, 2018年7月9日



From left to right: Jürgen Friedrich – CEO of Germany Trade and Invest, Wolfgang Niedermark – Chief Representative, AHK Hong Kong and Asia-Pacific Committee of German Business (APA) Coordinator Asia, HE Lifeng – Chairman of the National Development and Reform Commission, Prime Minister Li Keqiang, Chancellor Angela Merkel, Peter Altmaier – Federal Minister for Economic Affairs and Energy and Hubert Lienhart – Chairman of APA.

# A Global Rulebook for Global Trade

*A Word from German Federal Minister for Economic Affairs and Energy Mr. Peter Altmaier*

Our global economy needs open markets and free and equitable world trade in order to generate growth, employment and prosperity for the benefit of all.

The European Union (EU) pursues a very proactive agenda on global trade. We are right behind the EU on this, because we are very well aware of the extent to which Europe depends on flourishing world trade. 31 million jobs in Europe – one job in seven – depend directly or indirectly on exports to other parts of the world. In an export-driven economy like Germany's, the figure

is as high as one in three jobs, and half of all jobs in the German industrial sector are generated by selling goods and services to other countries.

Whilst this highlights the importance of trade for jobs in Germany and Europe, it is also reflective of the EU's position in an intricate global network of trade relations. The EU is a key trading partner for many countries across the world. In fact, we are the number-one trading partner for 80 countries in the world, and the second-most important for another 40. We want

to build on this success. We want to make sure that outstanding products 'Made in Germany' and 'Made in Europe' stay in demand across the world and continue to generate growth and prosperity for both sides. By the same token, we also want to benefit from other countries' growth and products.

This is why, at the EU level, we are constantly enlarging our network of trading partners. And our success and the number of partners who think along the same lines show that we are on the right track. We

can achieve a great deal more when we act in concert with like-minded people around the world. CETA, the EU-Canada free trade agreement, of which large portions are already being applied, is a success. Just recently, the EU and Japan signed a good agreement that will bring down tariffs in our bilateral trade. Talks with Singapore and Vietnam have been wrapped up and we are in constructive talks with South American countries. And the EU has now been given the go-ahead to start negotiations with Australia and New Zealand. All of these nations are working together with us to make free and equitable trade a reality.

We are sending out a strong message against the new wave of protectionism that is erecting new trade barriers. Nationalist selfishness will generate only short-term success. In the medium and long term, it will cause an erosion of global trade and do harm not only to the global economy, but also to the country which fences itself off from the world. We are seeing how the current rise of protectionism is hampering growth internationally. This cannot be in anyone's interest.

In addition to the new trade barriers, there are also old ones that still need eliminating.

The special rules imposed on foreigners, such as obligations to form joint ventures and transfer technology, and distortive government action are making life very difficult for many of our companies.

**We can achieve a great deal more when we act in concert with like-minded people around the world.**

This demonstrates the need for a global rulebook for global trade and the need for the WTO, an organization which can enforce these rules and help us find a common response to the pressing challenges we are having to confront in global trade – such as preventing market distortion or dealing with subsidies, technology transfer and e-commerce. In order to be able to deliver on these subjects, the WTO will

solutions. The possibility for individual WTO members to conclude more basic plurilateral agreements would allow these countries to get ahead of the pack and demonstrate to the other members what the benefits of certain agreements are, for instance in terms of e-commerce or facilitating investments. These other countries could then decide if and when they want to sign up. Another key issue on the agenda is the need for greater transparency at the level of WTO members, especially with regard to new national legislation and regulation.

I do not want to hide the fact that we will have to pull hard and in the same direction if we are to modernize the WTO. But there are some positive signals. We are working with Japan and the U.S. on this. At the last EU-China summit on 16 July 2018, China also spoke out in favor of an open and rules-based multilateral trading system within the WTO and signaled that it is willing to play a part in the modernization of the WTO. So this is encouraging: Together, we can make globalization fairer and strengthen multilateralism. This in turn will build trust in the WTO, exactly the kind of trust that we need at a time when global trade and multilateralism as a whole have



From left to right: Federal Minister for Economic Affairs and Energy Peter Altmaier meeting with HE Lifeng, Chairman of the National Development and Reform Commission, ZHONG Shan, Minister of Commerce of PRC, and MIAO Wei, Minister of Industry and Information Technology

We have witnessed how China's accession to the World Trade Organization (WTO) has coincided with the country's spectacular ascent to become the world's largest trading nation. But despite the country's impressive growth rates, we are still waiting for China to open its market. Whilst our markets are open to Chinese companies, German and European companies still suffer from great disadvantages on the Chinese market, where there is no level playing field.

have to grow more teeth than it has had in the recent past. We therefore support the European Commission in its efforts to bring about modernization within the WTO.

This means closing certain loopholes in the WTO rulebook, so that market distortion caused by government intervention, subsidies or forced technology transfer can be tackled. If negotiation procedures were more flexible, this would make it easier to arrive at good

come under a great deal of pressure.

Global trade needs global partnership and a global rulebook. From where I stand, it should be in the best interest of all trading nations to find agreement on this. Only if we work together can we build a fair and prosperous world order that will deliver growth and employment for ourselves and the next generation. This is what I am working to achieve.





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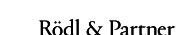
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China Industry Report:

# The Digital Revolution Driving China's Healthcare Sector Reform

By JENS EWERT AND LIU KEYU

In the current wave of global digitalization, healthcare is making ever greater steps into the digital era. China's healthcare sector is actively incorporating digital technologies into its traditional systems. This has catalyzed the emergence of new services providing models and driven investment growth. In recent years, China has introduced a series of guidelines and policies to help further promote the industry's digital transformation. With this support, digital technologies will eventually be applied across the entire healthcare value chain, improving efficiency while reducing nationwide healthcare expenditure.

## China's Healthcare Information System is Constantly Improving

China's hospital information system (HIS) – the cornerstone of healthcare's digital transformation – has constantly innovated and upgraded over recent years. Efficient hospital operation is not the only concern. HIS developments have played a crucial role in key healthcare reforms including the establishment of regional medical partnerships, construction of a dual referral mechanism and the implementation of cross regional reimbursement. China's HIS is transforming and upgrading from a charging and hospital management-centered system to a clinical information system (CIS) focused on patients and service quality. Its next upgrade will see

it become a global medical information system (GMIS) able to share healthcare data and information across regional medical partnerships.

Although China's hospital information system is a government driven market and dominated by domestic players, it remains ripe for consolidation. While the top five players already represent about 40% market share, the remaining is largely fragmented. In addition, China's private sector is growing rapidly, and will create huge demand. This means there is still room for other players to cut in, and competition will continue to escalate.

## Clinical Interpretation of Health Data is the Next Breakthrough

Electronic medical records (EMRs) and electronic health records (EHRs) have been widely applied in China. Technologies for capturing and storing health data are now nearly mature. Yet most health data remains

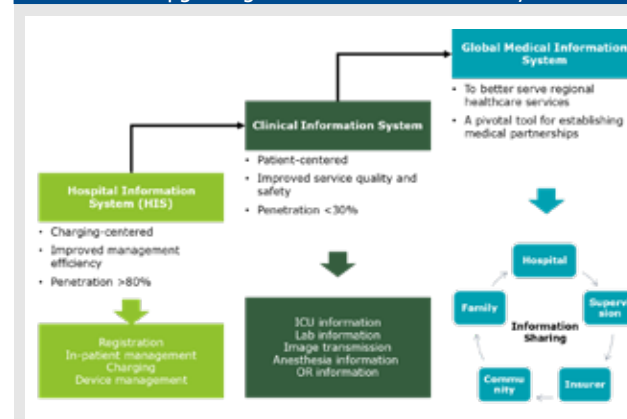
isolated and is not directly connected, and authorities have not yet developed accepted standards for interpreting and integrating this trove of information. Investment preferences in the capital market also reflect the bottlenecks to using collected health data in applications.

Therefore, the clinical interpretation of health data will become the top priority. Creating solutions to integrate all relevant health data and link this with clinical diagnosis and decision-making is a big opportunity in China's big data based healthcare sector.

## AI Accelerates Penetration Across China's Healthcare Sector

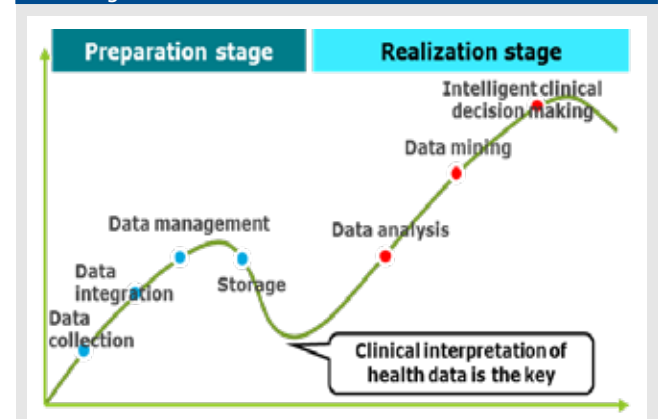
2017 can be considered China's first year of mass AI ('Artificial Intelligence') adoption. Domestic and foreign companies and investors in every industry, including healthcare, were actively reviewing options to apply AI technologies.

### The Path to Upgrading Healthcare Information Systems



Source: Deloitte Research

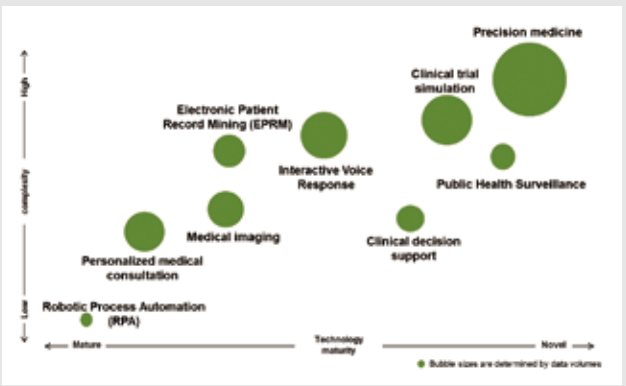
### Realizing the Value of Health Data



Source: Deloitte Research



Applications in Healthcare



Source: Deloitte Consulting, Deloitte Research

In China, AI healthcare focuses more on interactive services. AI-assisted medical imaging, health management and disease risk prediction are drawing more attention. Indeed, AI-assisted diagnosis of some diseases is already mature.

'Miying', an AI medical platform developed by Tencent, is a good example. It currently has six AI-based products for the early screening of esophageal cancer, lung cancer, breast cancer, colorectal cancer, cervical cancer and diabetic retinopathy. Miying has already worked with several top tier hospitals in China to launch these applications. Tencent has also built an AI-assisted triage system at West China second hospital to improve outpatient efficiency.

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Structure of Internet of Health Things



Source: Deloitte Research

Unlike those of domestic players, many foreign AI applications focus on insights and analysis using big data and strong algorithms. They include AI-assisted new drug simulations that can help pharmaceuticals companies reduce R&D cost and improve the efficiency of clinical trials. Introducing these technologies into China will bring opportunities for foreign investors given the country is striving to assert itself as a global hub for innovation.

Internet of Health Things Assists Modern Healthcare Management

Internet of Health Things (IoHT) is another important element of healthcare's digital transformation. IoHT is a network of medical devices that connect automatically with one other to capture, share and monitor vital data through a secure service layer (SSL) linked to a central, cloud-based command and control server. The development of Internet of Health Things has had a huge impact on the healthcare sector, proving particularly valuable in remote clinical monitoring, chronic disease management, preventive care, assisted living for the elderly and personal fitness monitoring. It has changed the game in the healthcare industry by lowering costs, improving efficiency and bringing the focus back to quality patient care.

Although Internet of Health Things will revolutionize the healthcare sector, it still faces challenges which limit its expansion and adoption in China. These include issues around safety and reliability, data privacy and a lack of clear regulations. The biggest challenge is for healthcare professionals to ensure devices are secure and used properly, data is protected, and that errors and exceptions are handled properly to guarantee patient safety.

Telemedicine at the Heart of 'Smart Hospital' Models

With the application, and growing maturity of the abovementioned digital and information technologies in the healthcare sector, medical technologies including point of care (POC) testing and biometrics have been upgraded, and the 'smart hospital' model of the future has essentially been formed. Improving medical service efficiency and patient experience by providing comprehensive, multi-dimensional telemedicine services is the ultimate goal.

Telemedicine has five main elements: remote registration, remote diagnosis, remote consultation, remote medical treatment and telecare. So far, remote registration is the only element that is fully-fledged.

In remote diagnosis, the past several years of explosive development and capital investment growth have heralded the formation of two major models of cooperation between mobile health companies and medical institutions. The first is 'Hospital + Internet', a model initiated by medical institutions, which can be seen as the extension of offline services online. The second model – 'Internet + Hospital' – was initiated by internet companies and supported by government and medical institutions. With the release of a new national policy in April 2018, mobile health companies must now acquire or build partnerships with physical medical institutions to run internet hospitals. The market entry threshold has risen and the sector will consolidate.

Remote consultation is an effective way to mitigate imbalances in medical resources. Unlike the B2C pattern of remote diagnosis, China's remote consultation mainly adopts a B2B approach, wherein top tier hospitals in developed areas help grass-roots hospitals in remote regions treat intractable, acute and major diseases. This pattern not only widens the coverage of healthcare services, but also brings extra value to hospitals on both sides: top tier medical institutions can collect plentiful case studies on intractable diseases for academic purposes, while grass-roots ones improve doctors' competency and incomes.

So far, multiple challenges to the widespread adoption of remote surgeries remain, especially bandwidth limits and their extremely high cost. However, robot-assisted remote surgeries should still be the top choice for outpatient surgeries in future. Besides big name products like Da Vinci and Senhance, Chinese players are also developing domestic products, normally for special surgeries. For example, 'Tinavi' is China's first orthopedic robot able to perform surgeries on the extremities, pelvic fractures and the spine.

Telecare, the last piece of the telemedicine jigsaw, will free medical care from the confines of hospitals and clinics, enabling comprehensive services to be provided at home. Hospitals and medical group operators will constantly enhance out-of-hospital care by leveraging smart and portable devices. At the same time, they should be aware of the potential risks. In out-of-hospital care, these include a lack of supervision and professional operation, as well as the need for prudence when providing independent telecare for patients with medium and severe diseases or using complicated drugs at patients' homes.

The Revolution in China's Healthcare Sector

China's healthcare sector is experiencing a revolution, shifting focus from 'volume' to 'value' and 'medical service' to 'health service'. Segments including chronic disease management, early diagnosis and cancer prevention are drawing ever more investment. Patient experience has become the top priority. Digital technologies play a pivotal role in the revolution.

It is always encouraged for foreign investors to enter China's healthcare market. Indeed, with their advanced products and technological superiority, we now is a good time for them to do so.

That said, it is never easy to find the right path to market. China has one of the most unique healthcare systems in the world. Foreign investors should be highly aware of potential challenges including policy risk and the competitive environment before making any further moves. A powerful, experienced domestic partner could be very helpful – the tide has not yet receded for Sino-foreign healthcare joint ventures.



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# Economic Outlook Q2 2018: Deleveraging and Escalation of Trade Tariffs Shadowing Over Still Resilient Growth Numbers

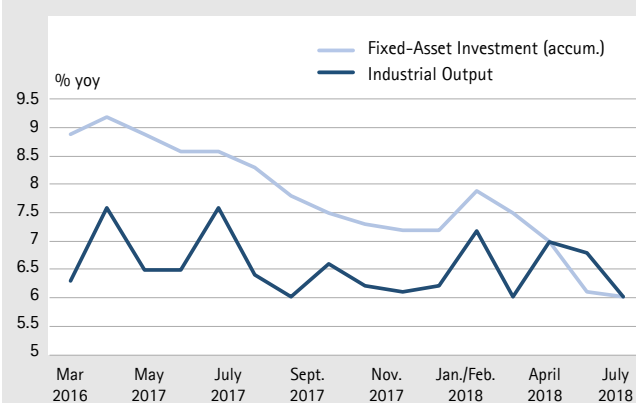
By JOSIPA MARKOVIC

## China's Deleveraging Starting to Bite

China's debt crackdown is starting to bite. As the Chinese government is getting serious about reining in financial risk, the economy has experienced a modest slowdown. In line with expectations, the second quarter of 2018 grew by 6.7%, 0.1 percentage points (p.p.) below the previous quarter, representing the lowest expansion since the third quarter 2016.

Fixed asset investment growth slowed to 6% year-on-year (yoy) during the first six months of 2018, 0.1 p.p. down from the January-

Amid financial deleveraging,  
China's key economic indicators slowing down



Source: National Bureau of Statistics (NBS)

May period. June industrial output growth slumped to 6% yoy, 0.8 p.p. down from the previous month. Only retail sales showed resilient growth rates in June, increasing by 9%, 0.5 p.p. up from the May figure.

Since late 2017, a series of financial regulations have been put in place to rein in financial risk and reduce shadow banking activities. The creation of the new Banking and Insurance Commission during China's biggest government reshuffle at the country's annual Two Sessions political gathering was already a sign of enforcement of financial regulations, as the previous coexistence of separate standards in the banking and insurance industry has thereby been eliminated. The stricter financial stance has resulted in increased borrowing costs and rising bond defaults, as refinancing is getting fierce. Barclays reports that as of June 2018 a combined value of RMB 21 billion of bond defaults were reported, representing an 11% increase compared to the same period last year.

## Trade Tensions Add Pressure on Economic Slowdown

Amid China's deleveraging campaign that has started to affect the world's second largest economy, the US and China are locked in an escalating trade conflict. At the time of writing, the US has applied a 25% tariff on USD 34 billion on Chinese imports, before adding tariffs on another USD 16 billion of imports from China on 23 August. Beijing promptly retaliated, matching with tariffs of its own. On 1 August, the trade dispute further intensified, with US President Donald Trump asking trade representative Lighthizer to consider increasing the tariff from 10% to 25% on another proposed USD 200 billion

worth of goods – still being subject to a period of consultation until September. In the latest tit-for-tat exchange, on 3 August, China proposed retaliatory tariffs on USD 60 billion of imported goods from the US across a wide range of sectors.

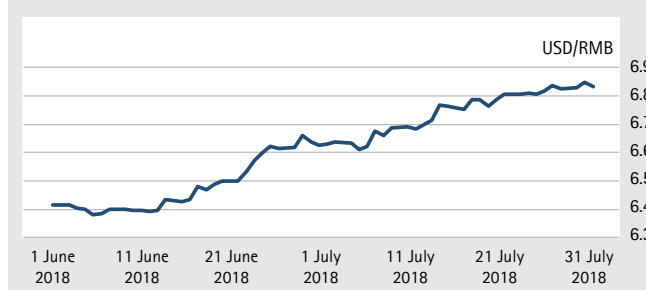
Although the intensifying trade conflict has spurred uncertainty and rattled financial markets, its impact on the Chinese economy has been modest for the first half of the year. China's trade data kept its resilient growth, with total imports and exports having accelerated by 16% for the first six months of 2018. Furthermore, as import growth outpaced the export growth figure, the country's trade surplus decreased by 21.6%. However, the surplus with the United States reached a new record, rising to more than USD 133 billion during the January-June period, USD 16 billion up from the same period a year ago – unlikely to calm down the ongoing trade tensions.

It remains to be seen how China's trade performance will develop in the second half of the year. The country's PMI (Purchasing Managers' Index) figures have already been affected by the escalating trade dispute, pointing to a more moderate expansion of the world's second biggest economy. The official manufacturing PMI fell to 51.5 points in June, down from 51.9 in May. The slowdown continued into July, with a manufacturing PMI of 51.2. Although still above the 50-point mark that separates growth from contraction, the decline reflects weakening domestic demand as well as external demand that got under pressure amid the US-China trade conflict, Reuters reports. More precisely, a reading on new export orders showed a contraction standing at 48.4 points, representing the fourth consecutive month of declining orders.

Amidst potential price pressure from American imported goods that are hit by higher Chinese tariffs, price developments are being closely watched. However, China's consumer price inflation rose 1.9 percent in June, only 0.1 p.p. above May's figure, and still below China's inflation target of 3% for 2018. Economists expect the overall impact of the trade conflict on consumer prices to be limited, due to China's higher borrowing costs and somewhat weakening domestic demand, Reuters reports. The producer price index rose 4.7 percent in June, compared to a 4.1 percent increase in May. The upward shift was driven by a recovery of global commodity prices, with oil, gas and steel prices up.

Moreover, the intensifying trade conflict already impacted the Chinese stock market as well as its currency. The Shanghai Composite Index has lost more than 16 percent in 2018, making it one of the world's worst performers. Also, the Chinese Yuan is feeling quite some pressure, having depreciated by more than 6% since June this year.

## China's currency plunging amid fears over trade war escalation



Source: Investing.com

As the trade conflict is spurring uncertainty among investors, the RMB is likely to remain at somewhat lower values compared to the past months. Moreover, if the US Fed keeps increasing interest rates, money could be increasingly shifted into dollars, contributing to the devaluation pressure on the Yuan. While a weaker Yuan is beneficial for Chinese exporters (Chinese products are cheaper for foreign buyers if the Yuan is weaker) the country will most probably not let the currency plunge, to avoid heating up the trade conflict even more. Furthermore, a weakening Yuan could intensify uncertainty among investors and result in even sharper downward pressure – a scenario that the PBoC (People's Bank of China, China's central bank) will certainly be willing to avoid. In early August, the PBoC introduced a measure, with the aim to counter the RMB's depreciating development. Under the new policy, financial institutions must deposit 20% of the value of their RMB forwards at the central bank, making RMB sales more expensive – aiming to ease some pressure on the currency's depreciation. The policy was first introduced in October 2015, when the RMB plummeted, but was withdrawn in September last year as the currency stabilized.

## Monetary Easing and Fiscal Support

Faced with some downward pressure on the economy, triggered by China's deleveraging campaign, and a potential escalation of the trade war, Chinese policymakers are stepping up policy measures to support the economic growth, while softening their stance on deleveraging.

In the move to prioritize stable growth over deleveraging, China's central bank has cut already three times this year reserve requirement ratios for banks, releasing billions of RMB of liquidity into the market – further cuts being widely expected.

Besides monetary policy easing, also the country's fiscal policy is set to play a bigger role, with further tax cuts and infrastructure projects to stimulate economic growth. On 23 July, Chinese Premier Li Keqiang chaired an executive meeting of the State Council, calling for increased efforts to boost the economy. The meeting called financial institutions to use the money released from the cuts in their required reserves to support small and micro businesses. Moreover, it was announced that "efforts will be stepped up in issuing RMB 1.35 trillion special bonds for local governments" to enhance infrastructure projects. While these steps show China's willingness and determination to support its economy, it remains to be seen how the ongoing trade dispute will develop and what impact it will have – not only on the Chinese, but also on the world economy.

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# Legal Update

## China Further Opens Market Access for Foreign Investors

By DR. ULRIKE GLUECK AND HAROLD CHEN

For decades, foreign investment into China has been subject to approval by the competent Authority of Commerce and registration with the competent Administration for Industry and Commerce ("AIC"). Also, not all industry sectors were open to foreign investment. *The Guideline Catalogue of Foreign Investment Industries* ("Guideline Catalogue") jointly issued and amended from time to time (the last revision was made in 2017) by the PRC National Development and Reform Commission ("NDRC") and the Ministry of Commerce ("MOC") specifically distinguished between industry sectors, in which foreign investment was encouraged, permitted, restricted and prohibited.

The Guideline Catalogue also stipulated whether in a certain sector wholly foreign-owned enterprises ("WFOEs") are allowed or only joint ventures are possible and whether in joint ventures the Chinese shareholders must have majority or controlling shares. Foreign investments were approved only when they were in the encouraged, permitted or restricted industry sectors and meeting the applicable shareholding or other requirements.

Recently, the above system has been gradually reformed and China moved to the so called negative list approach, under which the requirement of the approval of the Authority of Commerce depends on whether a foreign investment project (both green field investment and acquisitions) falls into a restricted industry sector as set forth in the Negative Lists.

For a project not in a restricted industry sector, the foreign investor can go straight to file for the AIC registration with a concurrent recordal filing to the competent Authority of Commerce, which can be done via the internet by uploading required information and documents to the designated website of the government. In practice, depending on the actual practice of the authorities at the exact location of the project, the recordal filing has to be done before, simultaneously with or after the AIC registration. In the recordal filing, the Authority of Commerce does not conduct substantive examination, as they do under the approval procedure, of the information and documents uploaded. As long as the information and documents uploaded appear complete and correct in form, the Authority of Commerce will accept the filing and issue a recordal certificate within three working days. If a project falls into the restricted industry sector on the Negative List, the project remains subject to approval by the competent Authority of Commerce.

The Negative Lists are jointly formulated and promulgated by NDRC and MOC, and currently, China implements different Negative Lists for free trade zones ("FTZ") and for areas outside of FTZs. The Negative List for FTZ contains more open-up measures, which as experience shows, may later be also adopted by the non-FTZ Negative List if they are proven functioning well in the FTZ and meeting the expectations. Since the establishment of its pilot FTZ in Shanghai 2013 and other FTZs across the country, the Chinese central government has already introduced a number of measures which were successfully implemented in FTZs to the areas outside of FTZs. This has brought about not only more simplified and efficient regulatory regimes but also lowered threshold of market access for foreign investment in China. In the past months the Chinese central government had already announced that the current restrictions on foreign investment will be further eased.

Echoing such announcement, on June 28, 2018, the NDRC and the MOC jointly issued the *Special Administrative Measures (Negative List) for Foreign Investment Access* ("Negative List 2018"), which took effect on July 28, 2018. Two days later, on June 30, 2018, the two authorities also issued the revised negative list for FTZs ("FTZ Negative List 2018"), which took effect on 30 July 2018.

1. The Negative List 2018 has taken out 15 more restricted items from the previous 63 in the Negative List 2017 with 22 more industry sectors now being liberalized. The new Negative List also introduces a transitional period for further canceling or easing access restrictions in certain industry sectors. The above include cancellation of the restriction on foreign shareholdings in the banking industry and in special purpose motor vehicles and new energy automobiles.

The main changes of Negative List 2018 are summarized as below:

### Further opening of financial sectors

- The restriction on foreign shareholdings in the banking industry has been canceled. Before this Negative List 2018, foreign shareholdings in a Chinese commercial bank were limited to no more than 20% for a single foreign financial institution (including related parties under its control or joint control) or 25% for multiple foreign investors (including related parties under its control or joint control).

- Foreign maximum shareholding ratios in security companies, fund management companies, futures companies and life insurance companies have been increased from the previous 50% to 51%, allowing such companies to be controlled by foreign investors. The above restrictions on foreign shareholding ratios will be entirely cancelled in 2021.

### Further opening of manufacturing industry

- In the automobile industry, foreign investment before the Negative List 2018 for all vehicle manufacturing was limited to Sino-foreign joint ventures with the Chinese partner holding the majority shares, and each foreign investor is only allowed to invest in no more than two joint ventures for manufacturing the same kind of vehicles. Under the Negative List 2018, companies for manufacturing of special purpose motor vehicles and new energy automobiles can now be solely owned by foreign investors. The restrictions on foreign shareholdings for the manufacturing of commercial vehicles will be cancelled in 2020. The restrictions on foreign shareholdings and the limitation to up to two joint venture companies per foreign investor for manufacturing of passenger cars will be cancelled in 2022. As such, the automobile industry is expected to be fully opened to foreign investment in 2022.
- The restrictions on foreign shareholdings in the ship building industry have been cancelled. Foreign investors can now wholly own an entity in China engaged in design, manufacturing and reparation of ships.
- Also fully opened to foreign investment with no shareholding requirement is the aviation manufacturing industry, including cargo aircrafts, regional aircrafts, utility aircrafts, helicopters, unmanned aerial vehicles, and aerostats.

### More openings in other sectors

- In the agriculture sector, the restrictions on foreign shareholdings in the breeding of new varieties and production of crop seeds, except for wheat and corn (which is still subject to the majority control of Chinese parties), have been cancelled.
- In the energy sector, the restrictions on foreign shareholdings in the exploration and exploitation of special and rare coal resources have been cancelled.
- In the mineral and resources sector, the restrictions on foreign shareholdings in the exploration and exploitation of graphite, smelting and separation of rare earth and smelting of tungsten have been cancelled.
- In the infrastructure sector, the restrictions on foreign investment in construction and operation of railway mainline and power grids have been cancelled.
- In the transportation sector, the restrictions on foreign investment in railway passenger transportation companies, international maritime transport and international shipping agencies have been cancelled.
- In the business trade sector, before the Negative List 2018, foreign investors had to form Sino-foreign joint ventures, with the Chinese parties as the majority owner, to construct and operate chain petrol stations of more than 30 branches and selling different types and brands of refined oil from multiple suppliers. This restriction has been removed. Also, the procurement and wholesale of rice, wheat and maize are now opened to foreign investment.
- In the cultural sector, foreign investors are no longer prohibited from investing in business venues that provide

internet access services.

2. Compared to the FTZ Negative List 2017, the number of the items in the FTZ Negative List 2018 has been reduced from 95 to 45. While compared to the Negative List 2018, the FTZ Negative List 2018 further removes or loosens foreign access restrictions in additional sectors.

The main differences between the Negative List 2018 and the FTZ Negative List 2018 are as below:

### Further Deletion of Restrictions in 3 Sectors

- The requirement that exploration and exploitation of petroleum and natural gas is limited to Sino-foreign joint venture and joint cooperation has been removed.
- Prohibition on foreign investment in the smelting and processing of radioactive mineral resources as well as the production of nuclear fuel has been cancelled.
- The requirement of majority shareholding by Chinese investors of stage performance agencies has been cancelled.

### More Openness in Certain Categories

- In the agriculture sector, while the Negative List 2018 caps foreign shareholding ratio at 49% in the breeding of new wheat and corn varieties and their seed production, the FTZ Negative List 2018 has lifted this cap to 66%.
- For value-added telecom services, the opening-up measures already applicable only in Shanghai Free Trade Zone are allowed to be implemented in all FTZs in China.
- In the media and publication sector, upon approval of the Chinese government, foreign news agencies are allowed to collaborate with Chinese institutions on projects led by the Chinese party. Foreign press institutions may also cooperate with Chinese institutions on news publication projects.
- In the cultural sector, while the Negative List 2018 prohibits foreign investment in art performance groups, the FTZ Negative List allows foreigners to invest in such groups as a minority shareholder. Also, foreign and Chinese entities are allowed to jointly make movies upon the approval of the government.

The new Negative Lists implement the announcements made by the Chinese authorities in the past months. However, in some important sectors, such as automobiles, the opening up will only come in steps. The question is also, how much foreign automobile OEMs will actually profit from it, since most of them are already present in China with 50:50 joint ventures. Further, some important sectors such as telecommunication are still included in the Negative List. Nonetheless, the changes are a big step forward and show the commitment of Chinese government to further open up the market access to foreign investors step by step.

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# Deep Cuts

## Exploring Industrial Land Use Rights

Shanghai's industrial and manufacturing sector is coming to terms with the Shanghai Municipal Planning and Land Resources Allocation Bureau's modifications to industrial land usage rights. A 30-year cut to land use terms from the traditional national standard of 50 was first introduced on 1 July 2014. However, with delayed implementation and extended planning phases for new land purchases, the full impact has only recently begun to hit home. New investors, as well as those who may be looking to renew land usage rights now face a slew of new considerations that could affect their decision making. In this article, some of the major details of the new legislation and an overview of how the new legislation may affect future investment in industrial property will be summarized.

### Shortened Land Use Terms and Land Grant Contract

Apart from rare cases of certain "important national and municipal industrial projects", the term for new grants for industrial land use rights has been shortened from the familiar 50 years to 20. Although this 30-year cut does not affect any current land use rights, the renewal of existing land under a 50-year term is subject to approval by the land administration authority.

Values and prices of industrial land are deeply affected with land granted under the conditions of the 20-year use term valued at a significant discount when compared to land with a 50-year term. According to officials, these discounts and lower valuations have created a shift in project financing and financial leverage calculations, which impacts the ability of investors to fund property acquisitions. Under the new terms, the valuation of the buildings and modifications located on industrial land will be assessed and analyzed according to residual value rather than market value, which is a further concern when it comes to compensation for land reclaimed by the government.

Shanghai's land administration authority has developed a standard form contract now known as the "Land Grant Contract". This contract was introduced with the goal of further standardizing the granting of industrial land use rights and will be used for all land grant applications. Other than the headline reduction in the term of land grants, there are some further elements of this contract that are worth noting.

### Renewal

When any existing land grants are up for renewal, they will be subject to comply with the terms of the new 20-year agreement. At the expiration of the land use term, the holder of the land use rights must apply for a land grant renewal to extend their rights to the land

By BJARNE BAUER

for another 20-year span. The local real estate authority will first confirm whether they satisfy investment targets; comply with local zoning plans; and satisfy energy and environmental awareness requirements, before granting renewed rights to the land.

### Investment Targets

As part of the new legislation, investors are now required to achieve certain investment targets regarding projects on industrial land, which may include: a total fixed asset investment amount, a base investment amount per square meter, a minimum annual sales revenue, and a minimum amount of tax or average annual tax revenue per square meter. While these guidelines vary across different projects and may be open for negotiation with the local government and land administration authority, it will be quite a difficult process for developers to qualify if these criteria are not met.

### Restrictions and Ongoing Appraisals

Local government authorities have included several terms designed to monitor grants of industrial land to relieve any doubts about the quality of enforcement for stated investment targets. In some cases, investors may be subject to a performance bond. The authorities will conduct periodic inspections to ensure project performance is within said agreed investment targets. If the land administration authority concludes that the holder of the land use rights fails to achieve all targets within the allotted time, or that the land should be used in a more efficient or environmentally friendly manner, it will most likely result in a rejection of the renewal of their land rights or reclamation of the land for government use. Reclamation may also be initiated at the end of the granted term if it is determined that there has been "significant change to the industrial product or industry structure".

The new Land Grant Contract conditions emphasize that the signatory must achieve project development milestones that include the start and finish of construction and other operations. A performance bond may be issued by the local government and land administration authority if specific conditions of the project are not realized. If the authorities come to the decision that a performance bond is required from the investor, the performance bond must be paid within five days of the execution of the Land Grant Contract. Milestones may also be open for negotiation.

### Transfer Restrictions

To initiate any term transfer between investors, approval from the land administration authority must be obtained first. This applies to

any asset or equity transfer involving industrial land under the 20-year land use term. As consent from the land administration authority is needed for equity transfers, all parties to a land sale involving foreign-invested enterprises will need to obtain this consent alongside local MOFCOM approval.

In addition to these restrictions, there are also guidelines that restrict discounts on industrial land or industrial zones offered by district governments. Standard industrial land or land used for warehouse purposes cannot be sold for less than the reference rate for that specific sector.

### Alternatives to Land Grants

All of the above conditions relate to land 'grants', in which the government assigns use of land to a grantee for a specified period for a set price. There are, however, two other methods of acquiring land in China that may not involve the same conditions. 'Land allocation' is the free provision of land by the government. However, this is usually only available to state or military-owned organizations, or projects of significant national interest. 'Leasing' of land is more relevant to regular investors. Although it is rarely employed, there are certain advantages when implemented in the form of 'lease before grant'. With this type of agreement, investors can lease land for the initial stages of a new project with an agreement to sign a land grant contract after a set stage of development. This would open the possibility of leasing land during the building phase and then signing a 20-year land grant contract only after the facility is ready to be used. Although this means sacrificing some security in the early stages, it does allow the business a longer period of access to the land during the production phase.

An increasingly common solution for foreign investors seems to be the build-to-suite model. With this approach, both the land and building are owned by local investors who lease the facility to a

manufacturer for a set period. It holds the advantage of spreading payments over a longer period, without bearing as much financial risk if the land is reclaimed. In contrast to regular lease contracts, build-to-lease usually allows the lessee involvement in the development stage in which they can customize the industrial facility to their needs. However, it also leaves the company with less control, while all investments (e.g. renovation or civil construction) are made on a facility that one doesn't own and will never see a return on.

### Investment in Industrial Land

At the time when the new regulations were introduced, it seemed that, from an investment perspective, they would lead to increased uncertainty, making industrial land less predictable and seemingly lower value for money. Four years on, it appears we have reached the stage where the new reality has truly come into effect and we can begin to assess the impact. Despite the predicted negative outcomes, the recent enforcement of the new contract terms has meant that the industry is having to embrace a new 'normal'. Although this is generally painful in the short-term, as its status becomes further established, investors should see greater stability over the long term. It is also highly likely that all of China's top tier cities will embrace a similar policy if they have not done so already.

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# Tax Update

## "It's Dividend Season" – Profit Distributions Under the New Sino-German Double Tax Agreement

The new Sino-German Double Tax Agreement (DTA) came into effect on 1 January 2017. One of its most significant changes: The reduction of withholding tax (WHT) for dividends from 10% to 5%. Linked to this, a revised definition of "beneficial owners" under Chinese law just came into effect in 2018. Will your dividend distribution qualify for the lower rate?

### The new Sino-German Double Tax Treaty:

Under the old Sino-German DTA, WHT on dividends applied at 10 % in all cases. The new DTA, however, being applicable for all dividends paid out after 1 January 2017 (thus technically including profits accrued but not paid out before), differentiates between three different cases with three different tax rates:

- 5% WHT, if the beneficial owner is a company other than a partnership holding more than or equal to 25% of the company's capital that is paying out the dividend;
  - 15% WHT, when the dividends are paid out of income/gains derived from immovable property which has been exempted from corporate income tax;
  - And 10% WHT in all other cases.
- In other words: In order to benefit from the reduced 5% WHT rate on dividends, the overseas shareholder has to:
1. Be a company other than a partnership (i.e. GmbH, AG, etc. but not KG),
  2. Own directly a minimum of 25% of the capital of the dividend paying Chinese company, and
  3. fulfil the definition of being a "beneficial owner".

### What is a Beneficial Owner?

The term "beneficial owner" is not defined within the DTA. Hence, each contracting state can define and apply its own interpretation of the term. The Chinese interpretation is laid out

by the State Administration of Taxation (SAT). The latest definition was announced recently on 3 February 2018 via Public Notice [2018] No. 9 and implemented on 1 April 2018.

### Criteria

Under this Public Notice, beneficial owners for dividend purposes shall be assessed based on a list of unfavorable factors. The assessment shall be made based on the totality of facts and a comprehensive review of all factors. Failure on one factor shall not automatically mean that the beneficial ownership status is denied. This approach shall allow assessments which better reflect the specifics of a case, however, it also implies that the assessment criteria become vague and less predictable for the tax payer. Here are the three relevant factors for dividend payments:

1. Ownership and control over income and assets;  
No ownership and control over income is assumed when a treaty resident is obliged to pay or distribute 50% (previously 60%) or more of the income to a resident of a different jurisdiction within twelve months upon receipt of the proceeds due to contractual obligations and factual payments.
2. Substantive business activities;  
Substantive business activities include substantive manufacturing, distribution, management and other activities. Whether the business activities are substantive shall be judged according to the functions actually performed and the risks assumed. Insignificant activities with a revenue below 8% of the total income may be disregarded.
3. No or low taxation of income in the other contracting state;  
No or low taxation is assumed, when the other contracting state does not tax proceeds at all, at very low rate or grants significant tax exemptions. Given the participation exemption regime for dividends in

By ALEXANDER PRAUTZSCH AND SARAH OEMMELEN

Germany, this factor is typically a negative rating factor. However, Chinese tax authorities are typically aware that participation exemptions for dividends are commonly applied practice in many European countries. This typically leads to a reduced relevance of this factor in the overall assessment with regard to dividends.

### Administrative Process

To be assessed as a rightful beneficial owner and to benefit from the lower tax rate of 5%, the overseas shareholder who receives the dividends must undergo a comprehensive analysis of its business data by the local tax authority of the withholding agent within the withholding declaration process. This can be done either by the withholding agent or the applicant itself. According to PN [2015] No. 60, the following documents have to be provided:

1. Non-resident Taxpayer Tax Resident Identity Information Statement
2. Statement on Tax Convention Treatment for Non-resident Taxpayers;
3. Tax Residence Certificate issued by the other contracting state (Germany) for the calendar year prior to the filing of the withholding declaration;
4. Relevant income-related contracts, payment vouchers, resolutions of the board of directors or shareholders and other ownership certificate materials.
5. Furthermore, other documents to be reviewed for the comprehensive analysis according to PN [2018] No. 9 could be articles of association, financial statements, records of capital flows, minutes of board of directors, allocation of manpower and material resources, related expenses, functions and risk-taking, royalty contracts, transfer contracts, patent registration certificates and copyright certificates, etc.

Fig. 1: Eligible beneficial owner under the "Safe-Harbor Rule"

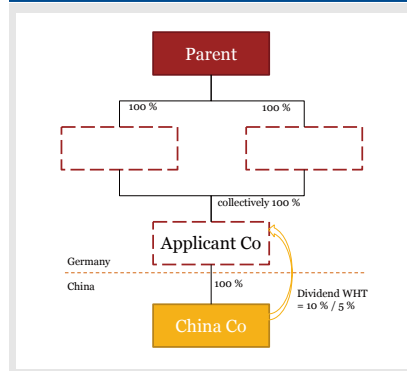


Fig. 2: Eligible beneficial owner under the "Same-Country Rule"

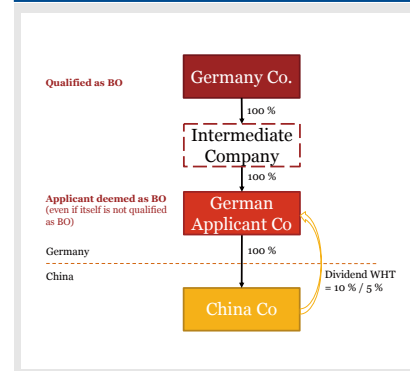
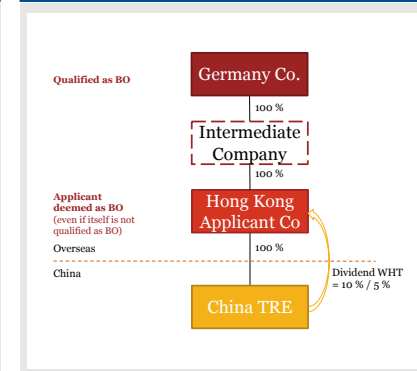


Fig. 3: Eligible beneficial owner under the "Same-Treaty Rule"



### Do Shareholders in Typical German Investment Structures Qualify as Beneficial Owners?

Although one might have all documents at hand, looking at typical German investment structures, it might not always be simple to prove that a German company is a beneficial owner under Chinese law. For example, it is not uncommon to see intermediate German participation holding companies (so called "Beteiligungs GmbH") as shareholders of Chinese subsidiaries. Would they qualify for beneficial ownership status? Taxation in Germany is low due to the participation exemption (i.e. unfavorable factor 3 applies). Substance may be low in lack of own employees and own business income (i.e. unfavorable factor 2 applies). Control over the income would have to be reviewed based on contractual obligations and factual behavior to on-pay dividends to the next level (i.e. unfavorable factor 1 not so clear).

In other German investment structures, holding companies for China investments may locate in other jurisdictions like Netherlands, Switzerland, Singapore or Hong Kong. Would these companies be able to demonstrate ownership and control over the income and assets as well as substantive business activities?

### Exception Rules

Three exception rules are available under which shareholders up the chain can be leveraged for achieving beneficial ownership status, namely:

- the "Safe-Harbor Rule"
- the "Same-Country Rule" and
- the "Same-Treaty Rule".

### Safe-Harbor Rule

The "Safe-Harbor Rule" (Fig.1.), states that, if the 100% direct or indirect owner (Parent) of the company earning the dividend (Applicant Co.) is a listed company or an individual with the same tax residency as Applicant Co. (or a

number of such listed companies or individuals) and all intermediate shareholders are residents in China or the country of Applicant Co., the Applicant Co. may be directly deemed as beneficial owner.

As a result, where the safe harbor rule applies, the structure is eligible to benefit from the lower WHT rate of 5% even if Applicant Co. would not meet the beneficial ownership test based on its own substance and control over income and assets.

### Same-Country Rule

This approach of looking through up the chain also applies for the "Same-Country Rule" (Fig. 2). If the German Applicant Co. does not qualify as beneficial owner based on the three unfavorable factors but its direct or indirect 100% shareholder (Germany Co.) is a tax resident in the same country (Germany) and would qualify if it was the direct shareholder of China Co., the German Applicant Co. could be deemed as the beneficial owner and thus is eligible to benefit from a reduced WHT rate of 5%. It should be noted under this rule that the intermediate companies in the shareholder chain between Germany Co. and German Applicant Co. would not need to meet further preconditions.

### Same-Treaty Rule

Where a German investor has incorporated an intermediate shareholding company, e.g. in Hong Kong, it may be the case that the Hong Kong company does not fulfil the beneficial ownership criteria based on its own substance arrangement. Still, such an investment structure could benefit from a reduced WHT rate based on the "Same-Treaty Rule" (Fig. 3). It covers the case where the parent (Germany Co.) is a tax resident of a different country than the company earning the dividend (Hong Kong Applicant Co.) but the parent country would have the same (or even better) WHT treatment compared with the applicant's

country. As a matter of fact, both the Hong Kong and the German double tax treaties with China stipulate the 5% WHT preferential treatment. Therefore, provided Germany Co. would qualify as beneficial owner if it was the direct shareholder of China Co. and the intermediate shareholders would be residents of countries with the same (or even better) WHT treatment compared with the applicant's country, Hong Kong Applicant Co. could be deemed as beneficial owner and thus be eligible to benefit from a reduced WHT rate of 5%.

### This Sounds Complex

Yes, it actually is. Whether or not the different preconditions are comprehensively fulfilled needs to be carefully reviewed. Is there a minority shareholder in the chain? Is there a partnership as parent or intermediate shareholder layer? Are all individual shareholders tax resident in the same country? Is there a joint venture situation, where shares of a holding company are owned by two different overseas players? There could be a number of situations where tax payers might struggle to find an applicable exception rule. With the new beneficial ownership rules, the devil is in the details. Therefore, before initiating dividend payouts, companies should thoroughly review and, where necessary, revise their corporate structures in order to benefit from the preferential treatment under the new double tax treaty.

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# The European General Data Protection Regulation and its Effect on Businesses in China

By SIMON HENKE

The European General Data Protection Regulation ("GDPR") took effect on 25 May 2018. It addresses the protection of natural persons with regard to the "processing of personal data and the free movement of such data". Any other data category than personal data (e.g. data qualifying as "important business data" as provided in the 2017 PRC Cyber Security Law) does not fall under the realm of the GDPR while the "free movement of such data" only refers to the free movement within the European Union ("EU", i.e. "the EU Digital Single Market"). Due to its character as a "Regulation", the GDPR directly applies in all EU Member States, however, granting them the right to maintain and/or implement national sector-specific laws and/or rules to further specify the rules of the GDPR.

Although by its design a European piece of legislation, the GDPR does not only affect businesses physically located in the EU but may also apply to companies in third countries (i.e. non-EU Member States), too. Compliance with the GDPR may require adjustments to a company's IT-setup, budget plans, HR-management, corporate governance and communication channels. Further, non-compliance may lead to hefty fines of up to 4% annual worldwide turnover. Therefore, also businesses located in the PRC are well advised to carefully assess any actual or future exposure to this new piece of legislation.

## Scope of Application: Personal Data Only, but with Extensive Territorial Reach

The GDPR applies where a business activity falls into the (i) material and (ii) territorial scope of application. The material scope of application requires the "processing of personal data wholly or partly by automated means and to the processing other than by automated means of personal data which form part of a filing system or are intended to form part of a filing system". The term personal data refers to

- any information relating to an identified or identifiable natural person ("data subject"); an identifiable natural person is one who can be identified, directly or indirectly, in particular by reference to an identifier such as a name, an identification number, location data, an online identifier or to one or more factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of that natural person.

Even encrypted data is regarded as personal data, unless such data is effectively anonymized, that is e.g. the encryption key has been irreversibly destroyed and the identity of the data subject cannot be re-established. Processing refers to:

- Any operation or set of operations which is performed on personal data or on sets of personal data, whether or not by automated means, such as collection, recording, organization, structuring, storage, adaptation or alteration, retrieval, consultation, use, disclosure by transmission, dissemination or otherwise making available, alignment or combination, restriction, erasure or destruction.

Both definitions are very broad and therefore very likely render any business-client/customer relation relying on the use of personal data as "processing of personal data" in the above sense. The territorial scope requires the processing of personal data:

- In the context of the activities of an establishment of a controller or a processor established in the EU, regardless of whether the processing takes place in the EU or not;
- Of data subjects who are in the EU by a controller or processor not established in the EU, where the processing activities are related to
  - the offering of goods or services, irrespective of whether a payment of the data subject is required, to such data subjects in the EU; or
  - the monitoring of their behavior as far as their behavior takes place within the EU;
- By a controller not established in the EU, but in a place where EU-Member State law applies by virtue of public international law.

From the above, one can conclude that companies located in the PRC that are either controller (i.e. an entity that determines the purposes/manner for/in which any personal data are/are to be processed) or processor (i.e. an entity that processes data on behalf of the controller) have to fully comply with the GDPR mainly under two conditions:

- A company conducts business activities within the EU that can be considered an "establishment" and personal data is processed in the context of the establishment's activities; or
- A company does not conduct business activities within the EU that can be considered an establishment but offers payable/non-payable goods or services to data subjects or monitors the behavior of data subjects within the EU.

As the term "establishment" is not precisely defined under the GDPR, the question what constitutes an establishment will be determined on a case-by-case basis assessing whether there is an "effective and real exercise of activity through stable arrangements". This may e.g. be a branch or subsidiary, but a travelling salesperson is unlikely to constitute an "establishment". The legal form of the establishment, however, is not the sole deterrent.

The nature of a company's activities determines whether the processing of personal data is related to the offering of goods or services to a data subject in the EU. Offering goods and services in local EU currencies (e.g. Euro, Danish Crowns, etc.), on websites hosted on local EU top-level domains (e.g. ".de", ".fr", ".it") or in local EU languages (e.g. German, Italian, Latvian) may render the GDPR applicable thereupon. The mere accessibility of a website from within the EU, an email address, contact details or the use of a language of a third country where the controller resides (e.g. a Chinese language only website of a company located in the PRC) however very likely will not render the GDPR applicable.

Monitoring shall include the tracking of natural persons online to subsequently create profiles of an individual in particular, to make use of such profile to analyze or predict its personal preferences, behaviors and attitudes. Thus, the use of cookies/similar profiling techniques on EU located data subjects triggers the GDPR's applicability.

## General Principles of the GDPR: A Basic Guideline for Establishing Compliance with the GDPR

Where a company's business conduct falls under the scope of the GDPR, it must fully comply with the regulations thereunder. The GDPR's provisions are all based on the following general principles, which serve as a basic guideline when setting up a business in a GDPR compliant way:

- Lawfulness, Fairness and Transparency:** Companies must adhere and be able to prove adherence to the GDPR and make clear to the data subject the extend, purpose and duration their personal data is used, requiring e.g.: record keeping, customer information (data notices), request for explicit consent at each touch-point (e.g. e-mail, website, etc.).
- Purpose Limitation:** Companies must ensure that personal information is used for a specified, explicit and legitimate purpose only and may not use personal data in any other way, requiring e.g.: Data-retention measures.
- Data Minimization:** Companies must ensure that only such personal data is collected that is adequate, relevant and limited for/to the intended purpose, requiring e.g.: Privacy by default/privacy by design, removal of unnecessary input fields.
- Accuracy:** Companies must ensure to collect accurate personal data and not to alter personal data/use outdated data, requiring e.g.: Update notices, granting access rights/right to rectification to the data subject.
- Storage Limitation:** Companies must ensure that data subjects cannot be identified longer than it is required for the purpose for which the personal data are processed, requiring e.g.: deletion/anonymization as an automated process.
- Rights of the Data Subject:** Companies must ensure that the data subject can exercise its rights, requiring e.g.: Subject access to all data, enable search/extraction/deletion/portability.
- Integrity and Confidentiality:** Companies must provide IT systems reflecting the nature/risk level of the collected personal data and that prevent unauthorized third parties from access/loss/damage, requiring e.g.: Enhancement of IT-security, ensur-

ing IT-security of suppliers, breach response system, Data Protection Officer/Assessment, data policies and internal training.

## Transfer of Personal Data to Third Countries, e.g. the PRC

The GDPR ensures that the processing of personal data from the EU to third countries does not undermine its level of protection (including onward transfers within the same or to another third country, i.e. that EU data protection "travels with the data"). Thus, the GDPR provides a graded approach to the transfer of personal data to third countries and onwards:

- Adequacy Decision** Transfers to countries awarded by the European Commission to provide an "adequate" level of data protection are generally permissible.
- Appropriate Safeguards** In the absence of an adequacy decision transfers are permissible where certain prerequisites are met, such as the use of EU authority-approved Standard Contractual Clauses/Binding Corporate Rules.
- Derogations** In the absence of an adequacy decision and appropriate safeguards, derogations allow the transfer under limited additional circumstances such as explicit consent/public interest/legal claims/protection of vital interests of the data subject.

As China has not been awarded with an Adequacy Decision, any transfer of personal data from the EU to a PRC located business must be based either on (i) appropriate safeguards or (ii) derogations as provided in the GDPR. Otherwise, a transfer for business purposes is in general not permissible. Alternatively, companies may consider setting up server facilities in the EU that are not accessible for any processing of personal data from third countries.

## The Risk of Non-compliance: Fines

The GDPR imposes two levels of administrative fines in case of non-compliance:

- Matters relating to internal record keeping, data processor contracts, data protection officers or data protection by design and default: Up to the greater of 2% annual worldwide turnover of the preceding financial year or EUR 10 million
- Matters relating to breach of data protection principles, conditions for consent, a data subject's rights or international data transfers: Up to the greater of 4% annual worldwide turnover of the preceding financial year or EUR 20 million

The enforcement of such fines on companies with EU establishment is very likely, leading into an increased risk for all China based companies with headquarters/subsidiaries in the EU. The enforcement on China based companies without EU subsidiary/headquarter is not likely, however European companies/customers may refrain from co-operating with/relying on any company located in a third country that does not comply with the GDPR.

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# More than Business

## Creating Sustainability Through Leadership

The idea of "the business of business is business", i.e., management's objective should be maximizing values for shareholders, is still a pervasive view in business world even though it has been criticized since 1980s. Till today, many people still make arduous efforts to examine how a focus on maximizing shareholder value can threaten companies' health and financial performance. Recently, Bower and Paine (2017) pointed out that "the Error at the Heart of Corporate Leadership" comes from this faulty idea, which assumed that shareholders own the corporation.

Today, it has been widely recognized that tomorrow's successful businesses will be those that are shaped by the interconnections between social purpose and economic value creation. Parker & Miller (2013) clarified clearly in their work, Everyone's Business that the social purpose of companies should be based on "creating economic value while creating social value for societal progression". Business leaders are facing fundamental challenges, to answer how to 'make organizations meaningful' and clarify the 'organization purpose' of their businesses. In this case, it raises the question of investigating the shift of companies on pursuing the meaning of more than business.

### Changed Mindset in Business

Traditionally, managers hold the epistemologically of "either/or assertions", assuming the conflict between shareholder returns and stakeholder interests. With the increasing expectations and pressures from different groups in the pluralistic society, the view of "both/and reasoning" is being accepted widely, i.e., strong performance and purpose are not at odds at all. Companies are regarded as the entities with multiple purposes. To pursue really high performance in a long-term way, a company must have a purpose, to imbue social and environmental dimensions of value creation alongside its financial returns. According to Hollensbe et al. (2014), entrepreneurs are expected to make reflexive thinking about the purpose of their business. Business leaders are also expected to shift their mindsets to

the "both/and reasoning", possessing new ambidexterity capabilities to simultaneously compete in businesses for economic values and to orchestrate firm assets to compete for non-economic values. With the new ambidexterity capabilities, companies could balance the exploitation of existing opportunities for present success with the exploration of new opportunities for future purposes. In other words, companies should engage in taking full advantage of their established business opportunities whilst concurrently searching for new avenues of organic growth in a more meaningful way.

From a practical view, business leaders have to change their mindsets of business. They have to understand the purpose of business from an ecological perspective, to understand the symbiosis relationship between business and society, and to find a new way to business success. In the process of rethinking the role of business in society, business leaders could add a lens to consider their impacts on society, such as the impact on community, on suppliers, on employees, on competitors and collaborators, as well as the impact on nature. According to the recent BCG report Total Societal Impact:



Source: BCG. Total Societal Impact: A New Lens for Strategy. 2017

# Call for Applications

## Open Now!



The German Chamber of Commerce in China invites all German companies in China that actively pursue CSR to submit their social projects and apply for the fourth round of the More than a Market Awards in 2019.

We are calling for successful, innovative, and creative projects. The implementation of the projects should be ongoing (or only recently finished) and should have shown visible results. Projects may be in any area of social relevance – Commitment to a good cause is what counts!

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<b>Special Category 2019:</b> <b>Environmental Protection</b>	all company sizes

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### ENTRY DEADLINE FOR APPLICATIONS

18<sup>th</sup> January 2019

For your full application, please refer to the nomination kit and the application form on: [www.morethanamarket.cn](http://www.morethanamarket.cn)

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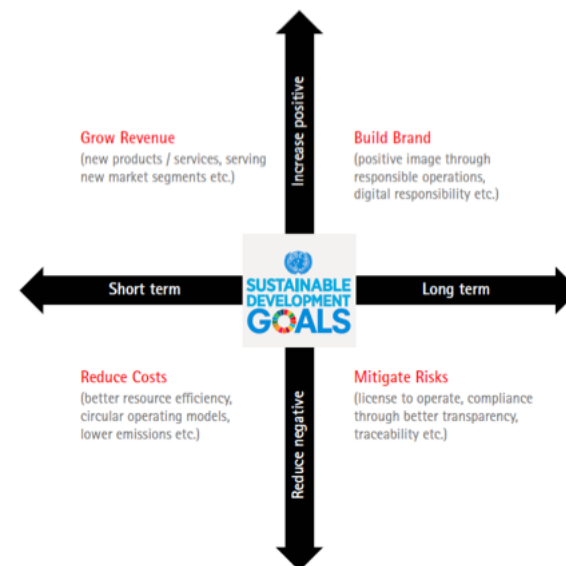
## Societal Issues at the Forefront

A New Lens for Strategy (2017) today, it's not enough for companies to pursue societal issues as a side activity. Instead, they must use their core business—and the scale advantages it offers—to create both positive societal impact and business benefits.

The pursuit of societal impact is integral to corporate longevity and value creation. In the Global Opportunity Report (2017), it is very clear to find the enormous business opportunities when companies could align their business growth with the UN SDGs, such as repositioning companies as responsible and sustainable business solutions providers to the human society challenges in health, food, water and energy. According to Marquis & Raynard (2015), to obtain competitive advantage, companies should develop and apply strategies "to pursue and promote not only economic but also social development".

While some people might remain skeptical regarding the intention of entrepreneurs, claiming that "it remains an open question as to whether and, to what extent, entrepreneurs have the potential for creating sustainable economies", according to Hall et al., (2010). Others argue that entrepreneurship has an important role to play in transformation towards a more sustainable future. Entrepreneurs are becoming an important power in promoting a transformation to sustainable development through various ways. Entrepreneurs are expected to be able to balance the triple bottom line of economic, social and ecological goals and to pursue simultaneously economic viability, social equity and environmental stability. In fact, entrepreneurs have enabling power to create, alter, and shape their business environment. Entrepreneurs could transform beyond their

old belief of making wealth accumulation as the primary purpose of life and turn to help solve certain social and environmental problems for communities and society as their mission. Through their purposive actions, entrepreneurs could proactively recognize, create and develop business opportunities from solving certain social and environmental issues.



Source: Accenture. Corporate Disruptors: How business is turning the world's greatest challenges into opportunities. 2016

In near future, it is expected that there would be more entrepreneurs emerging from "sensing, shaping and seizing" commercial opportunities in align with the dynamics of social and economic transition towards sustainable development. In the new era of realizing UN SDGs, the predominant perception that business owners are motivated by 'proself' economic success is without doubt an outdated mindset. Businesses and entrepreneurs with dual values are embracing simultaneously the realization of both 'proself' and 'prosocial' objectives for the long-term survival. By focusing on the UN SDGs, entrepreneurs with different labels, such as 'green entrepreneurship', 'social entrepreneurship', 'ecological entrepreneurship', and 'sustainable entrepreneurship', unlike Schumpeterian entrepreneurs, would be driven by combined social and economic motive. Businesses under the leadership of such entrepreneurship with dual values will allow companies to address societal challenges, to develop more comprehensive strategy to thrive in balance.

**Dr. Xuanwei Cao** is an associate professor in Strategic Management and Sustainability at International Business School Suzhou of Xi'an Jiaotong-Liverpool University. Dr. Cao serves as Academic Leader for Sustainability and Business Ethics. Dr. Cao is also a visiting researcher at Centre for Sustainable Management of University of Lüneburg, Germany. He can be reached at xuanwei.cao@xjtlu.edu.cn



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上海市 黄浦区 北京西路95号1206室  
Phone: 021-3331-5007  
Email: service@greenwavechina.com  
WeChat: Greenwave888  
Web: greenwavechina.cn  
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## Bringing Change Home



June 2018 became an eventful month for CPC China. Celebrating 25 years of achievement of CPC Group, the Chinese team joined its colleagues in the company's headquarters in Frankfurt, Germany. The two-day event connected the multinational team of Change Management experts and its diverse clientele. Productive working sessions and workshops on Organizational Development and agile Project Management were followed by networking and experience exchange in a relaxing atmosphere. A

week later, the Chinese team was back on the plane full of new ideas, insights and inspirations.

Upon returning to Beijing, it was time to pack again. In July, CPC China team relocated to a new working space at the Landmark Tower 2. The sophisticated office also welcomed a new senior colleague, Nils Seibert, who supports the fast-growing Change Management team. The summer has arrived with exciting and positive change!

### Yew Chung International School of Beijing Appoints New Co-Principal

YCIS Beijing is pleased to announce the appointment of Dr. Timothy Gray MBE as its new Western Co-Principal. Dr. Gray will be joining the school for the beginning of the new academic year in August. Originally from the UK, Dr. Gray's career in international education spans over 30 years and four Principalships. In 1999, he was awarded an MBE (Most Excellent Order of

the British Empire) by Queen Elizabeth II for Services to British Education Overseas – specifically relating to his advocacy of the British curriculum in South Korea. YCIS Beijing is looking forward to seeing how Dr. Gray's broad experience and passion for international education shapes the school and community. YCIS is also delighted to be welcoming his wife, Kate, on board as Senior Fellow at the Chor Hang Educational Research Institute, furthering educational innovation within the Foundation.



## Mackevision China Wins the "Best Enterprise Application" Award



Mackevision CG Technologies Co. Ltd. won the award for "Best Enterprise Application" by Epic Games Inc. The award, delivered on 24<sup>th</sup> May 2018, recognized Mackevision's highly regarded, industry-leading capabilities in developing real-time applications for the automotive industry using Epic's "Unreal" engine. One of the deciding criteria was the outstanding visual quality, creating reality-like images of cars. It shows the possibilities for business users to define new usage for a product that was not even intended for implementation outside of the gaming world. More and more OEMs use the different game engines as basis for applications on their road to digitization and to create an immersive brand and product experience. As the only non-game development recognition by Epic, the title of "Best Enterprise Application" has a special place in the line-up of awards and shedding light on innovative companies such as Mackevision.

## Bauformat Wins the 2017 "BMK Innovation Design Award"



The exhibited work of Bauformat won the BMK Innovation Design Award at the IMM Cologne Kitchen Furniture Fair 2017 for its unique style, color scheme and functional industrial kitchen design.

## 2018 LEONI Open Day

On 22<sup>nd</sup> April 2018, LEONI Wiring Systems (Tieling) Co., Ltd. held a grand Open Day.

The Open Day officially started at 9:08 am, along with the lively Chinese traditional South Lion show. Further, the Deputy Secretary of the Party Committee of Tieling City Economic Development Zone, Mr. Chen Fengjun and other government leaders attended the activities. Mr. Rich Ji, General Manager of LEONI Tieling Plant, addressed the attendees.

Since 2016, LEONI Tieling Plant has been successfully holding their annual Open Day, with the aim of opening the factory and welcoming more citizens to get insight from LEONI Wiring Systems and its business culture.



## BEITEN BURKHARDT Law Firm Expands China Team

Simon Henke, German Attorney-at-law, LL.M., studied law and Chinese Studies at the universities of Bonn, Trier and Beijing. After his admittance to the German bar, he worked as in-house counsel with an international bank in Düsseldorf before joining BEITEN BURKHARDT China where he is appointed as representative and foreign registered lawyer with the PRC Ministry of Justice. His area of expertise focuses on IT/IP, Data Protection, E-Commerce, and foreign direct investment laws.

Furthermore, Ms. Jane Cheng, LL.B., LL.M., joined the China team. She studied law at Tsinghua University (LL.B. 2014) and Ludwig-Maximilians-University Munich (LL.M. 2016). After graduating and passing the Chinese Bar Exam, she has joined the legal team of BEITEN BURKHARDT. She is



fluent in Chinese, German, and English and her area of expertise lies in legal advisory on foreign direct investments in China, labor law, as well as general corporate legal advisory.

## imat Gets Approval for BMW Brilliance Auto Tests

BMW Brilliance (BBA) officially approved the German-borne engineering company imat Shenyang for component tests according to OEM specification BMW PR 309.2, for car bodies. The reduction of vibration and noise is very important for auto makers as customers do not want to have annoying sounds in the car. As the only supplier in the Shenyang area who is able to test components with a silent climate shaker device, imat Shenyang has supported BBA since 2015 in this field. The test equipment allows simulation of ageing through mechanical stress while simultaneously being in a noise protected climate chamber with different temperatures from cold to hot. The test apparatus was especially developed by imat with regards to the BMW specification. The approval of imat Shenyang confirmed the company's expertise as a first-choice supplier for both BMW and BBA.

## Siemens Makes Headways Along the Belt and Road



Siemens recently entered into more than ten agreements with Chinese partners to jointly explore opportunities from the Belt and Road Initiative (BRI). The agreements were signed at the first Belt and Road International Summit on 6<sup>th</sup> and 7<sup>th</sup> June 2018 in Beijing.

With comprehensive portfolio, global network and financial solutions, the company aims to achieve a triple win for Siemens, Chinese partners and the countries of installation. For more than two decades, Siemens has worked together with over 100 Chinese companies in more than 100 countries and regions.



"Together we can build a better world. This is what I call a triple win. All we have to do is to take that first step and to trust each other. Then we can connect, create, and collaborate, and accomplish even greater things together," said Joe Kaeser, President and CEO of Siemens AG, at the Summit.

### Neuman & Esser and Wanhua Group Signs the Compressor Unit Contract



Recently, Neuman & Esser China and Wanhua Chemical CO., Ltd. signed a cooperation agreement on hydrogen reciprocating compressor units in the chlorine-alkali project.

In accordance with the agreement, NEA group provides Wanhua Group a set of super-large hydrogen-oil-less lubricated compressor units with a large flow of six crutches and five cylinders.

"As a century-old enterprise which is producing reciprocating compressor, NEA is especially in the field of hydrogen treatment at the forefront of the world. In addition to the operation of the numerous high-quality products, NEA China will also provide more timely and unified after sales service and spare parts", said NEA China General Manager Mr. Shi Xiangling.

### Swiss School Beijing Opens Classes

Swiss School Beijing is pleased to open new Pre-Kindergarten and Grade 3 classes for the 2018-19 school year. Places are now



available for students from the ages of 3 to 9 years old. Swiss School Beijing offers an international German-language education based on the Swiss curriculum. With a uniquely Swiss multilingual approach to learning, we focus on small groups with an emphasis on the whole child. Following the newly-developed Lehrplan 21 Swiss curriculum, the holistic program puts students at the center of the learning process. Children of all nationalities with an interest in German-speaking education with English, Chinese and French as additional language options are welcome.

### Joint Venture Between Masterwork and Marbach Starts Production in Tianjin



The Joint Venture Marbach Masterwork (Tianjin) Die Cutting Tools Co. Ltd. started production in summer as the machines of the new founded company arrived in July. More than ten Marbach employees from different departments of the German headquarter came to Tianjin to install the machines, set everything up for the production start and to make Marbach-quality tools finally directly available on-site in China. Before, Marbach has been supplying the Chinese market with its tools from Heilbronn for a very long time and will now offer a portfolio tailored to the Chinese market and its requirements. Marbach hopes for a good start in the coming months and that the Chinese customers will appreciate the performance as much as customers on the established markets.

### DRÄXLMAIER Group Celebrates 60<sup>th</sup> Anniversary



Recently, the DRÄXLMAIER Group celebrated its 60<sup>th</sup> anniversary. 60 years have

passed since the founding by Lisa and Fritz Dräxlmaier Senior on 8<sup>th</sup> May 1958 – 60 years in which the company in Vilsbiburg, Lower Bavaria, has developed into a globally operating automobile supplier with more than 70,000 employees. "I look back with gratitude on my parents' lifetime achievement and I am proud of being able to continue leading it", said Fritz Dräxlmaier, the CEO of DRÄXLMAIER Group.

Independence, innovative solutions and continual customer orientation have been the core values of the DRÄXLMAIER Group for 60 years. These principles have given the organization an optimal position in a changing environment.

### Hyatt Regency Brand Unveils its First Property in the Capital of China

The Hyatt Hotels Corporation announced the continued expansion of Hyatt Regency brand in China with the opening of the first Hyatt Regency property in the capital of China – Hyatt Regency Beijing Wangjing. The hotel is set in an urban environment with energizing, intuitive experiences and a deep connection to design and nature.

Strategically located in the heart of the Wangjing Central Business District, the hotel projects the very core of Wangjing's unique culture, from its history and local community to its ever-changing and modernized look today – designed by the award-winning architect Kengo Kuma.



### Share Experience and Talk About the Future

On 14<sup>th</sup> June, the Fourth China Industrial Park Property Management Enterprise Alliance Forum was successfully held in China's ancient capital Xi 'An.

Mr. Lukas Funk, CEO of DBEST (BEIJING) Facility Technology Management Co., Ltd., was invited to attend the forum and deliver the titled keynote speech "Trends



of German Industrial Park and Property Management Modes". With more than 300 officials, entrepreneurs, experts and scholars, Mr. Funk shared Germany's advanced industry experience, trends, and forward-looking technology & energy management methods. In his speech, he also introduced the Siemens "China Indoor Air Quality Improvement" Project. Implemented by DBEST and its shareholder Siemens, the project provides healthier indoor air for 10,000 Siemens employees in China, with highly-intelligent facilities and refined operation management.

The participants expressed that the relevant contents like smart property management and standardization are showing a new direction for cooperation between Chinese and foreign property management enterprises.

### Airbus Expands Repair and Maintenance Services in China



In April 2018, ELTRA Services Beijing put a new facility to support the business expansion of the Chinese operators into use. As an Airbus company, ELTRA will use the new facility to develop more repair capabilities, as well as to expand cooperation with more OEMs.

### Hörmann New Plant in Changshu

Hörmann China held the groundbreaking ceremony for "Hörmann (Changshu) Door Production Co., Ltd." on 24<sup>th</sup> January 2018. This is the third production plant of

Hörmann in China, located in Changshu Economic Development Zone of Jiangsu Province. The establishment of Hörmann Changshu Factory reflects the further strategic layout and expansion of Hörmann Group on the Asian market. Meanwhile, it well expands the production capacity of Hörmann Group in the Asia-Pacific region and improves the overall operational efficiency of the Group. The first phase of the project covers an area of 60 mu (about 40,000 m<sup>2</sup>) and is expected to be put into use in early 2019.



### HoloLens Demonstration with Know How!

On Thursday, 7<sup>th</sup> June, Know How! organized a HoloLens demonstration – a virtual reality smart glasses demonstration – at its Beijing Office. Ahead of the demonstration, Josef Haider, Senior Account Manager of Know How!, explained all about mixed reality and which application scenarios can be implemented with it to the attendees. Afterwards, each attendee had a chance to try out and experienced the HoloLens Glasses themselves.



### BADER Group and Su-Tong Park Signed Strategic Cooperation in June 2018

With great recognition and commitment for the Chinese market, BADER Group, with its HQ in Goeppingen, Germany, and as the global leader of automotive leather interior, decided to invest another modern plant in Su-Tong Park. The Su-Tong Science



and Technology Park is located in Nantong, Jiangsu. It is the front line of Nantong, connecting Shanghai and combining the southern parts of Jiangsu. With this move, BADER will further on strengthen its role as an interior development partner to international and local automotive OEMs in China.

### WTCN ONE Webasto Five Values Workshop



The whole team from Webasto Thermo & Comfort Technology (Beijing) Co. Ltd. recently joined the annual ONE Webasto value Workshop. As one of the worldwide 52 locations of Webasto Group, all Beijing-based employees came together during this workshop and showed their passion for the five new company values.

What the staff appreciates the most about working for Webasto is the management's long term view, which is to stay highly motivated when facing market trends and seeking efficient and innovative solutions to enter the New Energy Vehicles (NEV) market. Besides the long-term view and the passion for quality, the three remaining major values for Webasto's employees are customer orientation, embracing cooperation, and acting courageously and optimistic for a better business environment.



# New Members North China

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**Mr. Arif Kharadi**  
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**2<sup>nd</sup> April 2018**  
**Event:** Seminar in Shenyang  
**Topic:** Occupational Health & Safety – Significant Changes through new ISO 45001 Standard  
**Venue:** Le Meridien Hotel Shenyang  
**GC DEALS**  
**Speaker:** Ms. Huimei Li | Senior Auditor at TÜV Rheinland Systems Greater China

**3<sup>rd</sup> April 2018**  
**Event:** Seminar in Beijing  
**Topic:** Litigation Practice in China  
**Venue:** German Chamber of Commerce North China – Beijing  
**Speaker:** Mr. Lianfeng Qi | Founder and Lawyer of Beijing Minghang Law Firm

**10<sup>th</sup> April 2018**  
**Event:** Automotive Roundtable in Changchun  
**Topic:** How to Overcome Quality Challenges in China?  
**Venue:** Changchun HELLA Automotive Lighting Co., Ltd.  
**Speakers:** Dr. Wolfgang Beuck | General Manager at Changchun HELLA Automotive Lighting Co., Ltd; Mr. Thomas Roesler | Director Manufacturing APAC at Shanghai Formel D

On 10<sup>th</sup> April, the German Chamber of Commerce | Shenyang Office organized an Automotive Roundtable at the Changchun HELLA Automotive Lighting plant. At the HELLA facilities in Changchun, the company produces state-of-the-art and high-quality lighting systems for various Automotive OEMs in China. Dr. Wolfgang Beuck, General Manager of Changchun HELLA Automotive Lighting, took the opportunity to welcome the guests personally, which were mainly general managers and plant managers from local automotive suppliers and related industries. He introduced shortly the status of HELLA's future strategy in China and gave an overview on their products, plant structure and local characteristics. Afterwards Dr. Beuck guided the participants through the spacious facility on an informative plant tour. The roundtable continued with a presentation from Mr. Thomas Roesler, Director Manufacturing APAC at Shanghai Formel D Technology & Engineering. The following discussion included a lively exchange between guests from local OEMs on the one side and local suppliers on the other and ended with lessons learned and sharing experience on how to overcome rising quality challenges especially in the Chinese market. Finally, a consensus was found, that the rapidly growing number of product variants, increasing electric and electronic components in the car and more and more software solutions in every vehicle might be the main drivers for increasing challenges in Quality Management of any Automotive company.



**4<sup>th</sup> April 2018**  
**Event:** Member Training in Shenyang  
**Topic:** Effective Communication Skills  
**Venue:** Neugart Planetary Gearboxes Shenyang  
**Speaker:** Ms. Christine Xue | Management Trainer at Shanghai CE.TOP Management Consulting

**10<sup>th</sup> April 2018**  
**Event:** Intern's Regulars' Table in Beijing  
**Venue:** Claret (798 Art District)

**13<sup>th</sup> April 2018**  
**Event:** Seminar in Tianjin  
**Topic:** LEAN Assembly: Smart and low-cost optimization through one-piece flow and cardboard engineering  
**Venue:** Turck (Tianjin) Technology Co., Ltd.  
**Speaker:** Mr. Denzel Fang | Project Manager at STAUFEN.SHANGHAI Consulting Academy Ltd.

**13<sup>th</sup> April 2018**  
**Event:** Member Training in Shenyang  
**Topic:** Shop Floor Management  
**Venue:** Mubea Automotive Components (Shenyang) Co., Ltd.  
**Speaker:** Mr. Zifeng Li | Senior Consultant at STAUFEN SHANGHAI Academy

**17<sup>th</sup> April 2018**  
**Event:** Seminar in Tianjin  
**Topic:** MS Office is all you need  
**Venue:** German Chamber of Commerce North China – Tianjin  
**Speaker:** Ms. Sishi Liu | Senior Project Manager at Know How software Technology (Beijing) Co. Ltd.

**21<sup>st</sup> April 2018**  
**Event:** Special Event in Tianjin  
**Topic:** Tianjin Walking Tour – Historic Highlights  
**Venue:** The West End of Jiefang Bridge  
**Speaker:** Mr. Michael Hart | Managing Director of JLL Tianjin

**25<sup>th</sup> April 2018**  
**Event:** Kammerstammtisch in Shenyang  
**Venue:** Longines Bay Restaurant

**11<sup>th</sup> April 2018**  
**Event:** Special Event in Beijing  
**Topic:** New R-Visa Regulations  
**Venue:** The Opposite House **GC DEALS**



**12<sup>th</sup> April 2018**  
**Event:** Special Event in Tianjin  
**Topic:** Annual German Chamber Reception 2018  
**Venue:** The Ritz-Carlton Tianjin **GC DEALS**  
**Speakers:** Ms. Alexandra Voss | Executive Director of the German Chamber of Commerce – North China

On 12<sup>th</sup> April, the German Chamber of Commerce in China – North China | Tianjin Office hosted the Annual German Chamber Reception 2018 at the Ritz-Carlton Hotel. Ms. Alexandra Voss, Executive Director of the German Chamber of Commerce in China – North China, held an opening speech and welcomed more than 70 guests from different member companies. She reviewed the Chamber's activities in the past year and gave a positive outlook for the future.





**25<sup>th</sup>**  
**April 2018**  
Event: Kammerstammtisch Tianjin  
Venue: Drei Kronen 1308 Brauhaus Tianjin

**GC DEALS**

**17<sup>th</sup>**  
**April 2018**  
Event: Seminar in Changchun  
Topic: Occupational Health & Safety – Significant Changes through new ISO 45001 Standard  
Venue: Huatian Hotel Changchun  
Speaker: Ms. Huimei Li | Senior Auditor at TÜV Rheinland Systems Greater China

**26<sup>th</sup>**  
**April 2018**  
Event: Breakfast Seminar in Beijing  
Topic: The Lean Enterprise: How Corporations Can Innovate Like Startups  
Venue: Prototype Co-Working Lounge | Jen Hotel, Beijing  
Speaker: Mr. Trevor Owens | CEO & Co-Founder of Lean Venture Partners and CEO & Founder of Javelin

**8<sup>th</sup>**  
**May 2018**  
Event: Intern's Regulars' Table in Beijing  
Venue: Arrow Factory Brewing

**9<sup>th</sup>**  
**May 2018**  
Event: Round Table Real Estate in Beijing  
Topic: Architektur und Unternehmenskultur – Wechselwirkung und Synergien  
Venue: Mercedes me Sanlitun, Beijing  
Speaker: Mr. Stephan Rewolle | Dipl.-Ing. Architect und Associate Partner bei gmp International

**9<sup>th</sup>**  
**May 2018**  
Event: Young Professional Workshop in Beijing  
Topic: Mindful Living  
Venue: German Chamber of Commerce North China – Beijing  
Speaker: Dalida Turkovic | Founder and Executive Coach of Beijing Mindfulness Centre

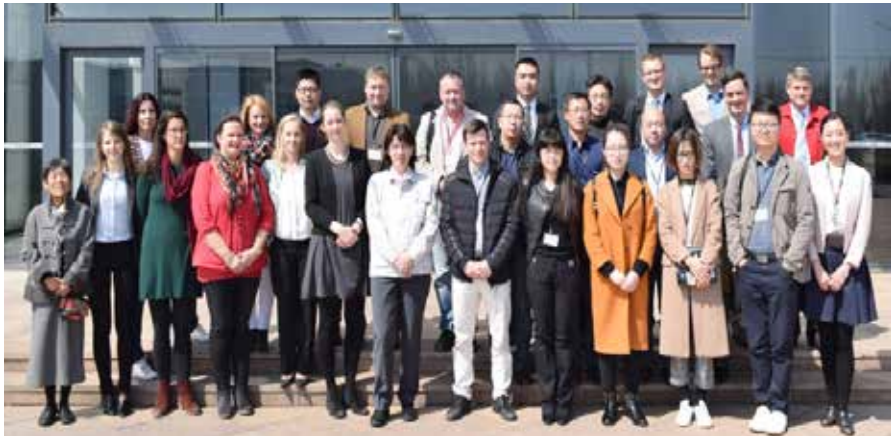
**11<sup>th</sup>**  
**May 2018**  
Event: Inter-Chamber Business Networking in Shenyang  
Venue: Le Meridien Hotel Shenyang

**GC DEALS**

**17<sup>th</sup>**  
**April 2018**  
Event: Special Event in Dalian  
Topic: Exclusive Company Tour to VOLKSWAGEN Automatic Transmission Dalian  
Venue: Volkswagen Automatic Transmission (Dalian) Co., Ltd.  
Speakers: Mr. Oliver Stitou | General Manager of Volkswagen Automatic Transmission (Dalian) Co., Ltd.  
Ms. Ursula Schulte | Deputy General Manager of Volkswagen Automatic Transmission (Dalian) Co., Ltd.

On 17<sup>th</sup> April 2018, the German Chamber of Commerce | Shenyang Office organized an exclusive company tour to the Volkswagen Automatic Transmission Plant in Dalian (VWATD), where Volkswagen builds transmission systems for the Chinese market. The General Manager of VWATD, Mr. Oliver Stitou, personally welcomed the guests, and Ms. Ursula Schulte, Deputy General Manager at VWATD, gave an overview of the product range, workforce and the special characteristics of the plant.

During the plant tour, the participants were guided through the modern facility and were explained various best practice examples in the field of Environmental, Health & Safety (EHS), Quality Management and Vocational Training, in detail. Internal experts from VWATD presented project results in specific areas of the plant, allowing participants to have a first-hand look at the leading technology of Volkswagen and to discuss the future of the Chinese car industry with experts from VWATD. The exclusive company tour ended with a lunch and relaxed get-together with all participants at the staff canteen of VWATD.



**19<sup>th</sup>**  
**April 2018**  
Event: Special Event in Tianjin  
Topic: Day of Logistics 2018: Visit of WAGO Electronic (Tianjin) Co., Ltd.  
Venue: WAGO Electronic (Tianjin) Co., Ltd.  
Speakers: Mr. Cui Zhengxue | Manager of Production & Logistics dept. of WAGO Tianjin  
Ms. Lu Hua | Professor of Beijing Wuzi University



As one of the annual highlight events of German Chamber of Commerce, this year's "Day of Logistics" took place for the 11<sup>th</sup> time. On 19<sup>th</sup> April, the Tianjin Office of the German Chamber of Commerce in China – North China, in cooperation with BVL Beijing Chapter, invited its guests to an informative factory visit at WAGO Electronic (Tianjin) Co., Ltd.

The event officially started with opening speeches from Ms. Jean Wang, Representative of BVL Regional Group Beijing, Ms. Xiaolei Zhang, Regional Manager Tianjin of the German Chamber of Commerce in China – North China and Mr. Cui Zhengxue, Manager of WAGO Production and Logistic Department. Following the welcome remarks, Mr. Cui gave a company introduction about WAGO electronic (Tianjin) Co., Ltd.

Before the factory tour started, Ms. Hua Lu, Professor of Beijing Wuzi University delivered an informative presentation on the topic of "Development of Smart Logistics in China", giving a brief review of the growing history of smart logistics in China throughout the past years. More than 30 logistic professionals participated in the event, which aimed to help companies to optimize processes, reduce costs, and establish an effective supply chain management.

**24<sup>th</sup>**  
**April 2018**  
Event: Seminar  
Topic: ChaVent | How to deal with continuous changes?  
Venue: German Centre Beijing

**GC DEALS**

Speakers: Mr. Michael Teubenbacher | General Manager at CPC Consulting (Beijing) Ltd.  
Ms. Reshmi Dutta | HR Director of Digital Business Services at SAP Greater China  
Mr. John Larman | Head of Project & Development Services at JLL North China



**12<sup>th</sup>**  
**May 2018**  
Event: Special Event in Tianjin  
Topic: German Night in Tianjin 2018  
Venue: Drei Kronen 1308 Brauhaus Tianjin

**GC DEALS**

On 12<sup>th</sup> May, the German Chamber of Commerce in China – North China invited its members and friends to the 7<sup>th</sup> German Night at Drei Kronen 1308 Brauhaus in Tianjin. The German Night is one of the annual major social events and aims to bring the German and Chinese community together. About 50 participants enjoyed the casual evening in a typical German atmosphere with German buffet, beer and a lucky draw. The German Chamber thanks all participants and sponsors for a memorable night!





16<sup>th</sup>  
May 2018  
Event: Seminar in Changchun  
Topic: Effectively managing VAT audits, risks and opportunities  
Venue: Changchun Friendship Convention Center  
Speaker: Ms. Lucy Dai | Accounting and Tax Manager at Lee & Lee Associates Beijing

16<sup>th</sup>  
May 2018  
Event: Kammerstammtisch in Changchun (with guest speaker)  
Venue: Die Backstube Changchun

GC DEALS

17<sup>th</sup>  
May 2018  
Event: Seminar in Beijing  
Topic: PRC Environmental Protection Law – What Companies Should Know  
Venue: Hyatt Regency Wangjing  
Speakers: Dr. Falk Lichtenstein | Partner at CMS China  
Ms. Roxie Meng | Associate at CMS Beijing Office

17<sup>th</sup>  
May 2018  
Event: Seminar in Shenyang  
Topic: Effectively managing VAT audits, risks and opportunities  
Venue: Le Meridien Hotel Shenyang (GC Deals Partner)  
Speakers: Ms. Lucy Dai | Accounting and Tax Manager at Lee & Lee Associates Beijing

24<sup>th</sup>  
May 2018  
Event: Social Event in Beijing  
Topic: Asparagus Dinner  
Venue: Paulaner Brauhaus

GC DEALS

26<sup>th</sup>  
May 2018  
Event: Social Event in Beijing  
Topic: 7<sup>th</sup> German Soccer Championship Beijing  
Venue: Si'de Park, Beijing

18<sup>th</sup>  
May 2018  
Event: Special Event in Tianjin  
Topic: Interchamber Business Match - Making Evening  
Venue: Four Seasons Hotel Tianjin



On 18<sup>th</sup> May, the Tianjin Office of German Chamber of Commerce in China - North China, together with the European Chamber of Commerce Tianjin invited their friends and partners to the exclusive Interchamber Business Match-Making Evening at Four Seasons Hotel Tianjin. The Match - Making Evening is a special event for the expat community and During the event, experts from different fields enjoyed the 1-to-1 session and later the free networking round along with tasty food and drinks.



29<sup>th</sup>  
May 2018  
Event: Dinner Seminar in Dalian  
Topic: Vertragsgestaltung, Sozialversicherung und private Vorsorge für Expats in China  
Venue: Kempinski Hotel Dalian

GC DEALS

Speakers: Mr. Richard Hoffmann | Partner at ECOVIS R&G Consulting Ltd. Beijing  
Mr. Klaus-Peter von der Eltz | Managing Director at Expatriate Care Consult GmbH

30<sup>th</sup>  
May 2018  
Event: Kammerstammtisch Tianjin  
Venue: Drei Kronen 1308 Brauhaus Tianjin

GC DEALS

31<sup>st</sup>  
May 2018  
Event: Seminar in Beijing  
Topic: Cybersecurity Law (CSL) in China  
Venue: Regent Hotel, Beijing  
Speakers: Mr. Anson Chen | Manager Risk-Cyber Security at EY, China  
Mr. Vincent Guo | Manager Risk-Cyber Security at EY, China



31<sup>st</sup>  
May 2018  
Event: Member Training in Shenyang  
Topic: Job Shop Lean Management  
Venue: Heraeus ShinEtsu Quartz (China) Inc.  
Speaker: Mr. Jim Fang | Senior Consultant at IMIG Shanghai



14<sup>th</sup>  
June 2018  
Event: Young Professional Event in Beijing  
Topic: Young Professional Interchamber Mixer  
Venue: Crowne Plaza Lido Hotel, Beijing

(GC Deals Partner) On Thursday, 14<sup>th</sup> June 2018, the German Chamber of Commerce in China - North China together with the French and British Chamber invited its Young Professional Community to an Interchamber Summer Networking event in the T-Zone Bar of the Crowne Plaza Lido Hotel in Beijing. During this evening event, more than 80 participants enjoyed mingling and networking with old and new friends from other Chambers, while having delicious drinks and finger food. At this point, a big thank you goes to our Media Partners, Le French Lab and JingJobs.





6<sup>th</sup>  
June 2018  
Event: Seminar in Beijing  
Topic: The EU General Data Protection Regulations  
Venue: Hilton Hotel, Beijing  
**GC DEALS**  
Speaker: Mr. Simon Henke | Associate at BEITEN BURKHARDT Beijing

12<sup>th</sup>  
June 2018  
Event: Intern's Regulars' Table in Beijing  
Venue: Migas Mercado

12<sup>th</sup>  
June 2018  
Event: Seminar in Tianjin  
Topic: The EU General Data Protection Regulation – New Rules Affect Business in China and Germany  
Venue: German Chamber of Commerce North China – Tianjin  
Speakers: Mr. Richard Hoffmann | Partner at ECOVIS R&G Consulting Ltd.  
Ms. Ashley Tian | Manager of the Legal Department at ECOVIS R&G Consulting Ltd.

14<sup>th</sup>  
June 2018  
Event: Seminar in Beijing  
Topic: Global Mobility – Challenges of managing a global workforce in China  
Venue: German Chamber of Commerce North China – Beijing  
Speaker: Ms. Ines Liu | Senior Associate at Dezan Shira & Associates

17<sup>th</sup>  
June 2018  
Event: Special Event in Tianjin  
Topic: 2018 FIFA World Cup Germany vs. Mexico  
Venue: Paulaner Brauhaus Tianjin  
**GC DEALS**

21<sup>st</sup>  
June 2018  
Event: Seminar in Shenyang  
Topic: Optimized Controlling for Successful LEAN projects  
Venue: Le Meridien Hotel Shenyang  
**GC DEALS**  
Speakers: Dr. Zhen Huang | Managing Partner at Shanghai De Chen Enterprise Management Consulting  
Mr. Leo Zhong | LEAN Manager at Heraeus ShinEtsu Quartz (China) Inc.

15<sup>th</sup>  
June 2018  
Event: Special Event in Tianjin  
Topic: After Work Summer Mixer  
Venue: Fraser Place Tianjin



On 15<sup>th</sup> June the German Chamber of Commerce in China – North China | Tianjin Office, in cooperation with the American Chamber in Tianjin, invited its friends and partners to an exclusive After Work Summer Mixer on the Swatches Terrace, at Fraser Place Tianjin. During the After-Work Summer Mixer, more than 30 business professionals from different industries enjoyed the summer evening with great talks, along with free flow snacks and drinks.



22<sup>nd</sup>  
June 2018  
Event: Member Training in Shenyang  
Topic: Controlling for Non-Financial Managers  
Venue: Sofitel Shenyang Lido  
Speaker: Dr. Zhen Huang | Managing Partner at Shanghai De Chen Enterprise Management Consulting



How long has your hospital been established?

Beijing United Family Hospital was founded over 20 years ago. Pioneering international care in Obstetrics in an English-speaking environment, it is now a full-service hospital looking after patients from birth to old age.

What is your competitive advantage, what kind of benefits can patients using your services in China get?

Accredited by Joint Commission International and the College of American Pathologists, BJU counts among its greatest advantages breadth and depth of medical expertise. At BJU, patients can have all their medical care (and health records) taken care of by one provider, with the BJU Family Medicine doctors keeping an overview of their health. We have the da Vinci surgical robot, which allows us to perform surgery with increased precision and fewer complications and allows our patients a quicker recovery.

What are your short- and long-term objectives, especially in China?

We have implemented some new exciting plans. Specifically, we are implementing high standards of post-operative pain management and adding further new technical procedures

performed with a robot. We have implemented monthly multidisciplinary team meetings for specific disease groups such as breast cancer and we have future plans to cooperate with prestigious Beijing healthcare experts such as Peking University Hospital for academic meetings to discuss recent therapy trends in surgical management of disease. Through such programs, BJU remains at the cutting edge of healthcare.

Any top tips for keeping healthy in China?

Leading a non-inflammatory lifestyle is key to prevention. Stop or reduce smoking, try to attain your ideal weight, eat a healthy diet, and exercise 2-3 times a week. Set aside time on a daily basis to focus on your health and wellbeing. This can be as simple as taking a walk or playing a physically active game. In Beijing, be aware of the AQI and plan ahead for alternative activities.

What are the most valuable things you have learned from working and living in China?

In China, I have learned how cross-cultural education leads to growth in a global mindset and an appreciation for different cultures, the surprising scale of economic growth, and the warmth of the Chinese people.



Michelle Savu

Company: Beijing United Family Hospital (BJU)  
Job Title/Position: Section Chief of General Surgery  
Year of Foundation: 1997  
HQ (location): Beijing  
Main Business: Healthcare  
Number of Employees: 1,000+

IN PERSON

急诊 ER	儿科 Pediatrics	内科 Internal Medicine	全科医疗中心 Center for Family Medicine and Integrative Health Care
妇产科 Obstetrics and Gynecology	皮肤科 Dermatology	外科门诊及手术中心 Surgery	骨科及运动医学中心 Sports Medicine and Orthopedics
ICU 重症监护室 Intensive Care Unit	药房 Pharmacy	检验中心 Laboratory	医疗美容科 Medical Cosmetic Center
住院病房 Inpatient Suites	耳鼻喉科 ENT Clinic (Ear, Nose, Throat)	神经外科 Neurosurgery	放射及影像科 Radiology and Imaging
眼科 Eye Clinic	启望肿瘤中心 New Hope Oncology Center	心血管介入中心 Cardiovascular Center	心理健康中心 Psychological Health Center
口腔科 Dental Clinic	麻醉科 Anesthesiology	消化中心 Digestive Disease Center	泌尿外科 Urology



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中文微信



BJU English WeChat



- 22<sup>nd</sup>  
June 2018  
Event: Alumni Stammtisch Beijing  
Venue: Zeit Berlin
- 24<sup>th</sup>  
June 2018  
Event: Special Event in Tianjin  
Topic: 2018 FIFA World Cup Germany vs. Sweden  
Venue: Paulaner Brauhaus Tianjin

GC DEALS
- 25<sup>th</sup>  
June 2018  
Event: Webinar  
Topic: Lean Leadership  
Venue: Online  
Speaker: Ms. Anna Luisa Lupetto | Senior Expert at STAUFEN AG
- 27<sup>th</sup>  
June 2018  
Event: Special Event  
Topic: 2018 FIFA World Cup Germany vs. South Korea  
Venue: Paulaner Brauhaus Tianjin

GC DEALS
- 27<sup>th</sup>  
June 2018  
Event: Kammerstammtisch in Shenyang (BBQ & Public Viewing)  
Venue: Le Kitchen Restaurant

GC DEALS
- 27<sup>th</sup>  
June 2018  
Event: Kammerstammtisch Tianjin  
Venue: Drei Kronen 1308 Brauhaus Tianjin

GC DEALS



- 25<sup>th</sup>  
June 2018  
Event: Special Seminar in Shenyang  
Topic: Visa Application Process & Travel Management for Chinese Business Traveler  
Venue: Consulate General of the Federal Republic of Germany in Shenyang  
Speakers: Ms. Viviane Weyh | Head of Visa Section & Consular Affairs at German Consulate Shenyang  
Ms. Nan Li | Visa Service Manager at German Industry & Commerce Greater China - Beijing  
Ms. Lin Li | Senior Account Manager Northeast China at Lufthansa Airlines - Shenyang Office

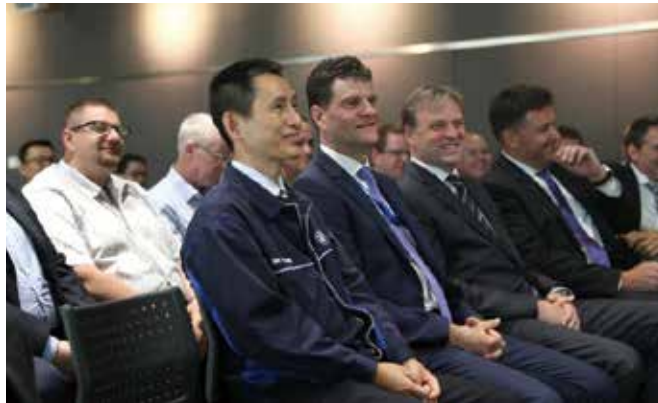


- 25<sup>th</sup>  
June 2018  
Event: Special Event: Young Leaders Beijing  
Topic: Company Visit Evoke Motorcycles Beijing  
Venue: Evoke Motorcycles Beijing  
Speaker: Mr. Sebastian Chrobok | Co-Founder & VP-Europe of Evoke Motorcycles Beijing
- On 25<sup>th</sup> June, the newly founded Wirtschaftsjuvenen | Young Leaders Beijing successfully organized an exclusive company visit as kick-off event to Evoke Motorcycles Beijing Chapter to Evoke Motorcycles Beijing. Mr. Sebastian Chrobok, Co-Founder and Vice President Europe, gave valuable insights on starting up a company in China and how entrepreneurship really looks like and what it takes going from zero to one and beyond. Afterwards, the attendees got the opportunity to do a test ride and discover their passion for motorcycles.



- 28<sup>th</sup>  
June 2018  
Event: Automotive Roundtable in Shenyang  
Topic: Future Mobility  
Venue: BMW Brilliance Automotive Powertrain Plant Shenyang  
Speakers: Dr. Robert Engelhorn | SVP Manufacturing & Technology at BMW Brilliance Automotive Ltd.; Dr. Stefan Kasperowski | Plant Director Powertrain Plant at BMW Brilliance Automotive Ltd.; Mr. Patrick Mueller | Head of Research & Development at BMW Brilliance Automotive Ltd.; Mr. Armin Fuhr | Project Manager at UNITY Business Consulting (Shanghai) Co., Ltd.

On 28<sup>th</sup> June, the the German Chamber of Commerce in China - North China | Shenyang Office organized an Automotive Roundtable on the topic 'Future Mobility' at the BMW Brilliance Automotive (BBA) Powertrain Plant in Shenyang. The Powertrain Plant comprises

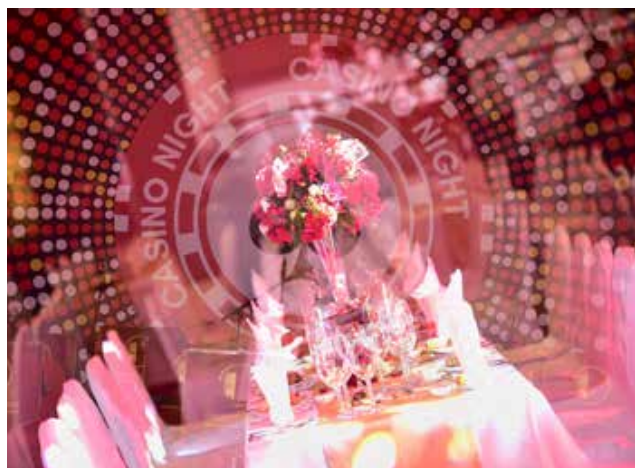


the BBA High Voltage Battery Center, which was opened 24<sup>th</sup> October 2017, to further strengthen the new energy vehicles (NEV) development of BMW Brilliance Automotive through local assembly of high voltage battery packs in Shenyang. Dr. Robert Engelhorn, Senior Vice President Technology & Manufacturing and Dr. Stefan Kasperowski, Plant Director Powertrain Plant at BBA in Shenyang, introduced the guests to the current development status of BBA in Shenyang and provided the attendees with an overview of the powertrain plant structure, the characteristics of the HVB Center as well as plans for future expansion. During the following HVB Center tour, the guests were able to observe the highly automated production processes for double-module batteries from lithium-ion cells. The roundtable continued with a presentation from Mr. Patrick Mueller, Head of Research & Development at BMW Brilliance Automotive, on how BBA strives to be at the forefront of new, clean energy technologies and how the application of advanced and Industry 4.0 technologies symbolizes the new standards for HVB production in China. The final presentation of Mr. Armin Fuhr on new mobility concepts introduced future growth potentials in the changing automotive sector. The following discussion included questions from company representatives on the latest developments in mobility services, future vehicle specifications and standardization. This special Automotive Roundtable event brought together experts from some of the major automotive manufacturers in the northeast region including their suppliers and created a platform to exchange latest industry information, share ideas and experience. It was an informative update on the latest NEV developments at BMW Brilliance Automotive in Shenyang and delivered insights in recent developments and challenges of the fast-developing automotive industry in China.





## Save the Date



## German Ball 2018 Under Preparation

Ever since 2000, the German Chamber of Commerce in China – North China hosts annually the largest social event of the German business community in Beijing: The German Ball. The event attracts around 750 guests including business executives and leaders from politics with connections to and interest in Germany. This year the German Ball will take place on 17<sup>th</sup> November 2018 at Kempinski Hotel Beijing Lufthansa Center. Ticket sales starts in September!



For more information or tickets, please contact  
Ms. Johanna Heinzmann at [heinzmann.johanna@bj.china.ahk.de](mailto:heinzmann.johanna@bj.china.ahk.de).

## Regular Social Events in North China

## Beijing:

**Praktikantenstammtisch** – every second Tuesday of the month at 7:00 pm in varying locations (Please visit the event calendar on our website or subscribe to our Newsletters and Invitations)

## Tianjin:

**Kammerstammtisch** – every last Wednesday of the month at Drei Kronen 1308 Brauhaus, Tianjin 7:00 pm

## Shenyang:

**Kammerstammtisch** – every second Tuesday of the month at 7:00 pm in varying locations

Please always find the latest event calendar on our website: [china.ahk.de](http://china.ahk.de)

## Training Highlights - Beijing

## Recruitment Excellence for Successful Hiring

Date: 6<sup>th</sup>–7<sup>th</sup> September 2018

## Objectives and Content

Successfully hiring people is one of the most important goals, not only for HR departments, but also the whole company. Being able to recruit suitable staff in a structured, professional, and time efficient way often decides a company's success in general. This interactive seminar, with lots of practice and first-hand experiences, provides you with all necessary insights, instruments and skills of a high-class recruiter, even for filling executive positions. Topics that will be covered in this training include:

- The recruitment and selection process as a whole
- Performing a job Analysis and writing a position profile.
- Tips and tricks for drafting job advertisements
- Ways to find good candidates
- How to efficiently screen resumes
- How to create the right interview atmosphere
- Problems recruiters face
- Interview preparation and format
- Interviewing barriers
- How to conduct efficient telephone interviews
- Personal interviews
- Non-verbal communication
- Using different types of interview questions
- Handling difficult applicants
- How to compare and evaluate candidates
- Recruiting executive positions (general manager, sales director, chief representative etc.)
- Checking references
- Preparing and making a job offer

## Target Group

Top managers, Senior managers, HR managers, Recruitment professionals.

## Management Transition &amp; Managing Performance

Date: 20<sup>th</sup>–21<sup>st</sup> September 2018

## Objectives and Content

As an individual contributor or a manager, the job scope is more defined on how to timely complete a certain given task. When promoted to a manager position, being able to utilize engineers' hard and soft skills is essential for effective team development. From another perspective, it requires a different mindset, as his or her role has been shifted to managing a team, managing subordinates' performance, giving feedback, etc. This program is tailored for those managers who were previously in engineering or individual contributor positions, to explore diversity required in the workplace and their management approaches. Topics that will be covered in this training include:

- Transition– Engineer and/or individual contributor to manager
- The role of being an effective manager
- Operational differences– Engineer individual vs managerial team approaches
- Managing diversity and communication styles
- Delegation and creating shared visions– Forming a highly effective team

## Target Group

Managers with technical background or engineers or individual contributors promoted to be a manager, proficiency in English communication

Beijing contact: Li Xingchen, Human Resources  
+86 10 6539 6685 | [li.xingchen@bj.china.ahk.de](mailto:li.xingchen@bj.china.ahk.de)

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New General Manager of German Industry & Commerce Greater China - Beijing



On 15<sup>th</sup> August 2018, Mr. Jonathan Schoo has assumed the role of General Manager of German Industry & Commerce Greater China. He is the successor of Mr. Mike Hofmann, who has taken over the position as Managing Director of Melchers Beijing Limited. In his current function, Mr. Schoo also serves as deputy to the Delegate & Chief Representative of the Delegation of German Industry & Commerce. He is the former China Representative for Germany Trade & Invest (GTAI), the foreign trade and inward investment agency of the Federal Republic of Germany and has been based in Beijing since 2015. Prior to joining GTAI, Mr. Schoo worked in the Mergers & Acquisitions Advisory section at Ernst & Young Corporate Finance in Berlin. He later joined VINCI, a Fortune Global 500 corporation from France operating in construction and concessions. During his studies in Germany, France, and the UK, Mr. Schoo obtained two master's degrees, one in Public Administration from the University of Potsdam, and one in Business from ESCP Europe.

New Executive Chamber Manager at the German Chamber of Commerce | North China



As of 1<sup>st</sup> of August, Ms. Jana Kumpf has been appointed as Executive Chamber Manager of the German Chamber of Commerce in China | North China. Since joining the Chamber in 2013 as Regional Manager and being promoted to Deputy Chamber Manager in December 2016, Ms. Kumpf has contributed greatly to the Chamber's operations and activities. Since summer 2016 she has additionally been responsible for the German Chamber's Business Confidence Survey as well as economic reports and analysis. She holds a diploma in China studies and economics from Cologne University and contributes several years of professional experience in her field. In her new position, Ms. Kumpf will be responsible for overseeing the Chamber activities in North China. Please feel free to contact her at: kumpf.jana@bj.china.ahk.de, +86 - 10 - 6539 6660.

New Assistant Project Manager at the German Chamber of Commerce | North China in Shenyang



On 2<sup>nd</sup> July 2018, Ms. Chaoran Hu joined the German Chamber of Commerce in China - North China as Assistant Project Manager Liaoning & Jilin to support the growing office in Shenyang. Ms. Hu graduated with a master's degree from Beijing Foreign Studies University and majors in German language and politics. During her studies abroad in the German cities Augsburg and Heidelberg, Ms. Hu gained experience in conducting interviews and empirical studies. During her internship for the economic journal "International Science and Technology Policy" in Beijing, she was responsible for translation work and managing media content. Ms. Hu speaks Chinese, German and English and can be reached at: hu.chaoran@bj.china.ahk.de, +86-24-8111-3996

Beijing Training Calendar September - December 2018

6 <sup>th</sup> -7 <sup>th</sup> September	Attractive Speech Onstage – Public Speech Skills (CN)
10 <sup>th</sup> September	Presentations: Presenting with PowerPoint (EN)
11 <sup>th</sup> -12 <sup>th</sup> September	Communication, Influencing and Negotiation Skills (CN/EN)
13 <sup>th</sup> -14 <sup>th</sup> September	Empowering your Executive Assistant (EN)
17 <sup>th</sup> -18 <sup>th</sup> September	EQ in Communication (CN/EN)
20 <sup>th</sup> -21 <sup>st</sup> September	Management Transition & Managing Performance (CN/EN)
17 <sup>th</sup> -18 <sup>th</sup> October	German Business Culture (EN)
19 <sup>th</sup> -20 <sup>th</sup> October	Overall Risk Control and Internal Control (CN)
22 <sup>nd</sup> -23 <sup>rd</sup> October	Intercultural Conflict Management- German & Chinese Perspective (CN/EN)
25 <sup>th</sup> -26 <sup>th</sup> October	International Presentation Skills (CN/EN)
26 <sup>th</sup> October	Excel Better Manage Your Data (CN)
30 <sup>th</sup> -31 <sup>st</sup> October	Business Writing (EN)
1 <sup>st</sup> -2 <sup>nd</sup> November	Leadership Skills in Workplace (CN/EN)
6 <sup>th</sup> -7 <sup>th</sup> November	Bridging the Culture Gap-Living, Working and Leading in China (English) (EN)
12 <sup>th</sup> -13 <sup>th</sup> November	International Project Management (CN/EN)
13 <sup>th</sup> -14 <sup>th</sup> November	Powerful HR Skills for Top Leaders (EN)
15 <sup>th</sup> -16 <sup>th</sup> November	Global Leadership & Talent Development (CN/EN)
17 <sup>th</sup> -18 <sup>th</sup> November	Overall Operation Plan and Budget Management (CN)
20 <sup>th</sup> -21 <sup>st</sup> November	Recruitment Excellence for Successful Hiring (EN)
28 <sup>th</sup> -29 <sup>th</sup> November	Supervisory Management Skills (CN/EN)
5 <sup>th</sup> December	Excel: Managing a Database (EN)
6 <sup>th</sup> -7 <sup>th</sup> December	Instructional Techniques for Internal Trainers (CN)
11 <sup>th</sup> -12 <sup>th</sup> December	Effective Selling Skills (CN/EN)



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# Wirtschaftsjunioren Now in Beijing



With a history of 60 years in Germany, the registered association Wirtschaftsjunioren Deutschland ([www.wjd.de](http://www.wjd.de)) has now started in Beijing to give young leaders the opportunity to make an impression in the local business community. We are a group of young managers and entrepreneurs with different industry backgrounds, living and working in Beijing with a long-term commitment to China. Together with the German Chamber of Commerce in China – North China and the Wirtschaftsjunioren Deutschland e.V. in Germany, we started in Beijing in spring of 2018. We are:



Johanna Heinzmann: Project Manager German Chamber of Commerce in China – North China

Verena Weinzierl: Founder & CEO HomesickBox  
Executive Manager Ventum Consulting Foshan Ltd.



Yasmine Riechers: Director Operations Sennheiser Greater China

Dr. Benjamin Wille-Baumkauff: Head of Mobility  
Strategy and Mobile Payment Volkswagen Finance  
(China) Co., Ltd.



Jost Bloechl: Senior Associate WZR Beijing

Alexander Ziehe: Referent of Strategy and Business Development Viessmann Heating Technology Beijing Co., Ltd.



We provide a network and learning platform for young entrepreneurs and managers between the ages of 25–40 years. With the German Chamber of Commerce in China – North China, we are setting up a new work environment by attracting young business leaders interested in China-specific business, economic and culture-related topics. We encourage everyone interested in developing their professional skills, expanding their network, broadening their personal knowledge and sharing own experiences to engage with us. We organize ourselves in two different settings:

## 1. Work Groups (Theory)

We count on our diversity and different backgrounds. Accordingly, we are able to combine our knowledge and expertise to collaborate on the daily topics and challenges we face and bring new ideas in the

international business community, while adding value to our community.

Topics on our agenda include:

- Internet of Things (online shopping, KOL Engagement and Social Media in China)
- Successor planning (with focus on SME)
- Change Management
- Leadership (Employee engagement & motivation)
- Access to Chinese companies and institutions
- CSR and many more topics.

## 2. Company Visits (Practice)

At the same time, we organize company visits. On 25<sup>th</sup> June 2018, we organized the successful Wirtschaftsjunioren kick-off event in Beijing. During an exclusive company visit to the electric motorbike start up "EVOKE", the Co-Founder and VP-Europe, Sebastian Chrobok, gave valuable insights about their business model, challenges, and future plans. Afterwards, the attendees got the opportunity to take their innovative product for a cruise.

Future company visits, e.g. to the Regent Hotel Beijing, Mackevision and Viessmann are under preparation.

Come join us and contribute to our workshops, organized around two main themes: Business, as well as Culture & Society (find more information on our website: [www.china.ahk.de](http://www.china.ahk.de))



If you are interested in engaging with Wirtschaftsjunioren, feel free to contact our team directly. We look forward to meeting you in person!

## Contact Details:

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Shanghai Office



### HELUKABEL Doubles Warehouse Capacity in China



Following years of double-digit business development, HELUKABEL Int. Trading (Shanghai) Co., Ltd. has outgrown the premises previously shared with HELUKABEL Cable Manufacturing (Taicang) Co., Ltd., and leased a new warehouse of roughly 4000m<sup>2</sup> in Taicang.

The warehouse is equipped with a high rack storage system and state-of-the-art cutting, winding and packing equipment. With a comprehensive number of cables for all kind of industrial applications in stock, the new warehouse will strengthen HELUKABEL's business strategy.

### Two New Counsels Join CMS, China

CMS, China Shanghai Office has expanded the Corporate and Competition PAG team led by Dr. Ulrike Glueck with two new counsels, Ms. Aiping Bao and Mr. Harold Chen. Ms. Aiping Bao advises on corporate and commercial transactions and provides competition law and compliance advice under Chinese Law. Mr. Harold Chen specializes in M&A, Joint Ventures, General Corporate and government & regulatory matters. Each of them has more than 20 years working experience in China in local and international firms.

### New Appointment at TÜV SÜD Greater China



of five railway experts who perform indepen-

dent safety assessments for metros, certification of components for the European market, as well as fire safety assessments. Their main clients railway manufacturers, component manufacturers and railway operators. Since the Chinese rail market is blooming, TÜV SÜD now offers complete one-stop support for rolling stock, from conceptualization to client approval.

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### Leadec Wins "Automobil Industrie" 2018 AI Users Favorable Comment Award

Leading industrial service provider Leadec Industrial Services (Shanghai) Co., Ltd. won the 2018 AI Users Favorable Comment Award for its customized industrial service solutions. Nominees are selected based on "advanced, practical, reliable, high quality, high efficiency, cost-effective, flexible and intelligent" as the main evaluation indicators, combined with shortlisted audits, online voting, user surveys, editorial selection results, especially user surveys. During the whole process over three months, Leadec Industrial Services has achieved outstanding results in all aspects, and has received high recognition from customers on the service site.

Inspired by the praise from the customers, Leadec is committed to cultivate outstanding

technical talents with the international business network to meet the needs of customized industrial services.

### Nefab Expands to Taiwan



After 20 years of Operations in Mainland China, global packaging supplier Nefab expanded to Taiwan and established a new site Nefab Taiwan, an engineering and prototyping center. The site has been established to support global Cloud/Datacom strategy and focusing on Taiwanese ODMs (Original Design Manufacturing) such as Quanta, Wistron, and Pegatron, whose designs and decisions are mainly made in Taiwan island, but volume production locates in China, America, and Europe. With design engineers and sampling capabilities ranging from corrugated, foam, and Nefab ExPak, Nefab Taiwan's ambition is to become the best packaging partner for these ODMs, in the meantime extending offer coverage to existing Global key accounts who have presences in the island.

### UNICEPTA China Appoints New Director of Sales & Business Development



Intelligence services to more companies in China, as well as the Asia Pacific region. As a trusted partner for multinational companies in China, UNICEPTA not only processes infor-

mation from all news channels (print, online, social media, TV, radio) but also derives analyses and data-based consulting on strategic communications issues in order to improve companies' media reputation. Jeremy brings extensive professional services experience to the table, including stints at Nielsen as well as Nexia TS Shanghai. His joining the firm indicates UNICEPTA's growing success and commitment to the Asia Pacific region.

### Grand Kempinski Hotel Shanghai Celebrates its 5<sup>th</sup> anniversary

28<sup>th</sup> June 2018 marked the Grand Kempinski Hotel Shanghai's 5<sup>th</sup> anniversary of operation. As a member of one of Europe's oldest luxury hotel groups, they are proud to have written another chapter in the brand's legacy. To recognize their achievement, the hotel management team organized a celebration for the property's staff members. Starting with a theme lunch, the management team served meals for everyone in attendance. In the afternoon, they gathered in the Suncuba ballroom to honor to long serving staff members who have worked with the hotel for three and five years. The cheerful ceremony concluded with a cutting of the birthday cake, which was enjoyed by all staff members.



### New Associate Partner in Shanghai EY



Business of EY in Shanghai and the Central China region. Mr. Wilhelm, who is a German CPA and tax advisor based at the EY Office in Shanghai's Lujiazui financial district, has been in China since November 2013 and has successfully lead many international financial projects related to German outbound invest-

ments in China and the region. In addition, Mr. Wilhelm has given financial advice in terms of investment, corporate restructuring and reorganizations in China. Mr. Wilhelm holds a degree in economics from the Julius Maximilians University of Würzburg and speaks German, English, and Chinese. Please feel free to contact him under 021 22285402 or Philipp.Wilhelm@cn.ey.com.

### GSE Signs Joint Cooperation Agreement to Develop Sino-French Industrial Park



On the 25<sup>th</sup> June 2018, during the official visit to China by French Prime Minister Edouard Philippe, GSE and the Haining Economic Development Zone authorities signed a joint co-operation agreement for the development of a 230,000m<sup>2</sup> Sino-French Industrial Park. The signature was witnessed by Elizabeth Borne, Minister for Transport, by Zhu Haidong, Deputy Director of the Haining Economic Zone and by Arnaud Sebban, Deputy Managing Director of GSE China.

The zone will boast modular buildings which will be able to accommodate diverse activities and will provide different building sizes to suit all. There will also be a zone dedicated to modern logistics activities. The project will be designed and built to international standards and will be adapted to meet environmental obligations.

### New Senior Vice President for StrikoWestofen



StrikoWestofen has appointed Peter Reuther as its new Senior Vice President (SVP). Peter, who joined StrikoWestofen in 2001, is being promoted to the SVP role following five years as the brand's Sales Director Europe. A mechanical engineer by trade, Peter has filled several sales positions within StrikoWestofen, starting in sales support and, since 2013, heading the Europe OEM business as Sales Director.



A woman with short blonde hair and glasses, wearing a light blue blazer, is speaking into a microphone at a podium. Behind her is a large screen displaying the word 'WINNER' in red, and a black and white portrait of a man. The text 'LESS LEADER OF THE YEAR' is partially visible on the screen.

Harmony Shanghai presents the 4<sup>th</sup> International Community Dance Project

## "The Four Seasons" – A Dance Explosion!

Saturday October 13<sup>th</sup>, 7:30pm & Sunday October 14<sup>th</sup>, 2:00pm  
at Shanghai Poly Grand Theatre

160 Chinese and International dancers will perform to the music of **Antonio Vivaldi** with the choreography by **Royston Maldoom** recreated by **Mia Sophia Bilitza** and **Volker Eisenach**. An orchestra with 20 young talented musicians and two famous artist **Bin Huang** as Violin and **Alexander Suleimann** as Cellist will accompany the dancers.

PHOTO: YOVOHAGRAFIE.DE

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**Harmony Shanghai**  
海派文化艺术交流

**Venue** Shanghai Poly Grand Theatre, 159 Baiyin Road, Jiading  
上海保利大剧院 嘉定区白银路159号  
**Tickets** Price: 80 ¥/180 ¥/280 ¥/380 ¥/480 ¥ • info@harmony-shanghai.com  
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**9<sup>th</sup>**  
**May 2018**  
Event: TAICANG Workshop Lean  
Management  
Topic: [Member Only] TAICANG Workshop  
Lean Management: "Gold Mine – How to  
Dig Out the Gold from Your Organization"  
Venue: German Center Taicang  
Speakers: Dr. Jeff Zhou | Advisor to  
President of Lean Enterprise China (LEC)  
& Associate Professor of Industrial  
Engineering at Tong Ji University  
Mr. Victor Zhou | Project Director of  
fischer Consulting China  
Moderator: Ms. Johanna Spee | Regional  
Manager, German Chamber of Commerce  
in China, Shanghai

**15<sup>th</sup>**  
**May 2018**  
Event: German Chamber Corner Hangzhou  
Venue: WADEs Bar & Grill

**30<sup>th</sup>**  
**May 2018**  
Event: Nanjing Stammtisch  
Venue: Secco Restaurant & Bar

**17<sup>th</sup>**  
**June 2018**  
Event: [Taicang] FIFA World Cup Public  
Viewing  
Venue: German Centre Taicang

**17<sup>th</sup>**  
**July 2018**  
Event: Hangzhou German Chamber Corner  
Venue: WADE's Bar & Grill

**27<sup>th</sup>**  
**July 2018**  
Event: Nanjing Stammtisch  
Venue: Intercontinental Nanjing

**20<sup>th</sup>**  
**April 2018**  
Event: Special Event (Chinese)  
Venue: German Chamber Office  
Topic: Shanghai Master Plan 2017-2035  
Speaker: Ms. Yu Song | Shanghai Municipal Bureau of Planning and  
Land Resources  
Moderator: Dr. Sigrid Winkler | Executive Chamber Manager at  
German Chamber of Commerce Shanghai

The future plan of Shanghai has great effect on the development of a company. Ms. Yu Song who works at Shanghai Municipal Bureau of Planning, which is one of the functional departments of the Shanghai municipal government, was the speaker of this event. She gave deep insights about the Shanghai Master Plan and examples and indicators about how foreign companies can actively get involved in Shanghai's future development.

In general, the Shanghai Master Plan 2017-2035 (hereinafter referred to as "Shanghai 2035" or the Master Plan), is organized and prepared by Shanghai Municipal People's Government and is the first megacity plan approved by the State Council after the 19<sup>th</sup> National Congress of the CPC. It comprehensively implements the spirit of the 19<sup>th</sup> National Congress, takes President Xi Jinping's thought on socialism with Chinese characteristics for a new era for guiding ideas with a clear stand. It also serves as the basis and official document for city planning, construction and management within the jurisdiction of Shanghai. It is also an important document to guide the future development of Shanghai, and a development blueprint to realize "Better City, Better Life".

According to Ms. Song, Shanghai will become more dynamic, attractive and sustainable. Innovation, a more convenient life and the construct of an eco-city are the three pillars to this end.





**11<sup>th</sup>** Event: Asparagus Dinner  
Venue: Paulaner @ Raffles City Changning  
May 2018

On the 11<sup>th</sup> of May 2018, the German Chamber Shanghai hosted its annual "Asparagus Dinner" at Paulaner, Raffles City Changning. About 29 participants came to enjoy a tasty meal.

The atmosphere during the dinner was alluring, with everybody chatting and networking freely with each other. The menu offered a typical German combination of pretzels, "Vienna Style" pork schnitzel, cooked ham, and marinated fresh strawberries with vanilla ice cream as the dessert, which were very popular. The white asparagus with hollandaise sauce, the main part of the dinner, was of course the highlight of the evening.



**11<sup>th</sup>** Event: Factory Tour at Stihl Qingdao & The 16<sup>th</sup> German Business Community - Get Together in Qingdao  
Venue: ANDREAS STIHL Power Tools (Qingdao) Co., Ltd. & BEBA of Hyatt Regency Qingdao

AHK Qingdao Office and State of Bavaria - China Office organized German companies to visit ANDREAS STIHL Power Tools (Qingdao) Co., Ltd. and to learn more about the STIHL production in Qingdao. ANDREAS STIHL Power Tools (Qingdao) Co., Ltd. was established in 2005, its main products are brush cutters, hedge trimmers and chain saws. After the visit, the two organizers invited attendees to the 16<sup>th</sup> German Business Community - Get Together in Qingdao, which is held every two months.

**22<sup>nd</sup>** Event: Workshop HR: "Leading through Resistance"  
Venue: Jing An Kunlun Hotel  
Speaker: Ms. Debbie Nicol | Founder and Managing Director of Business en motion



On 22<sup>nd</sup> May 2018, the German Chamber of Commerce held a HR Workshop: "Leading through Resistance" in JingAn Kunlun Hotel, with Ms. Debbie Nicol as the speaker.

With the business world now an interconnected, multi-cultural village, showing signs of shift and change at every corner, all team members seek evidence of positive intention and accountability from their leaders. Credibility and believability is no longer earned through words or title but rather actions and behaviors that contribute and serve. Ms. Nicol contextualized the impact of the presence or absence of these defined leadership behaviors and showcased how to work with a model to help one find hidden treasures within resistance when it strikes.

In this interactive event, Ms. Nicol gave the participants a clearer understanding about the concepts by using different examples and deepened the topic with a video at the end of the event.



**24<sup>th</sup>** Event: Special Event  
Topic: Vertragsgestaltung, Sozialversicherung und private Vorsorge für deutsche Expats  
Venue: German Chamber of Office  
Speaker: Mr. Klaus-Peter Von der Eltz | General Manager at Expatriate Care Consult GmbH  
Ms. Iris Duchetsmann | Attorney at Law

On the 24<sup>th</sup> May, the German Chamber of Commerce | Shanghai held a special event about establishing a contract, social insurance, and personal welfare of the German expats. The speech was held in German.

During this event, the speakers distinguished the social insurance system in Germany and China. Besides consequences for the social insurance in Germany, different types of insurances in China were introduced and discussed. How can expats acquire appropriate and sustainable social security for a long-term stay in China? Which steps need to be taken when returning to Germany?

Ms. Duchetsmann focused on the difference between the social insurance and personal welfare in China and Germany. Mr. von der Eltz also shared the tips and how to solve these questions in China. The participants joined a lively discussion, and left the event with valuable updates for their personal planning.



**29<sup>th</sup>** Event: Workshop Marketing & Sales  
Topic: Creating loyalty by successful CRM  
Venue: German Chamber Office  
Speaker: Mr. Gerrit Silla | Head of CRM Volkswagen at SAIC Volkswagen, Shanghai





**6<sup>th</sup>**  
**June 2018**

**Event:** Workshop Automotive  
**Topic:** Automotive Transformation – E-Mobility  
**Venue:** Hyatt Regency Shanghai Global Harbor  
**Moderator:** Mr. Peter Bornschein | General Manager at IFS China  
**Speakers:** Mr. Bill Russo | Founder & CEO of Automobility Limited  
Dr. Guohong Ye | Vice President and Head of E-Mobility Asia-Pacific at ZF Friedrichshafen AG  
Mr. Roger Looney | Vice President of Vehicle Engineering & Electric Propulsion at Qoros Automotive Co. Ltd.



The automotive industry is going through a period of tremendous change. The rise of Chinese OEM's, autonomous driving, E-mobility and connectivity are major disruptive forces. They influence each other, but each has its own characteristics. New technologies give new opportunities to new companies, at the same time it forces current leaders to change and transform. Nowhere is this more evident than in China.

Mr. Russo gave an overview on the current state of the E-mobility transformation globally and in China. He noted that the Chinese government and Chinese companies are embracing this change and trying to build leading global positions. Dr. Ye Guohong showed what this change means for leading automotive suppliers and how it responds to the challenges of the future. In his opinion, the established players are responding. At the same time not all technology questions are settled, the electrification has its own problems, the fuel cell technology is continuing to be developed, and currently the conventional combustion engine still rules. Mr. Roger Looney gave Qoros' perspective and how an OEM can ensure its future in the changing environment. He mentioned that China, by market size and speed of innovation, is positioning itself as the catalyst to drive the transformation of the business model and technological underpinnings of the global auto industry. All participants were very active during the Q&A section. The speakers were willing to share the PowerPoint presentation so that participants can continue to learn past the event.



**7<sup>th</sup>**  
**June 2018**

**Event:** Special Event: "New Members' Day"  
**Venue:** German Chamber of Commerce Shanghai Office



On 7<sup>th</sup> June 2018, the German Chamber of Commerce held a Special Event: "New Members' Day" in the German Chamber Office. Newly joined members were warmly welcomed by Ms. Simone Pohl, Delegate and Chief Representative, Delegation of German Industry & Commerce Shanghai and Executive Director, German Chamber of Commerce | Shanghai, and Mr. Jan Jovy, General Manager, German Industry & Commerce(GIC), who gave speeches introducing the Chamber network and the services offered by the GIC. The Chamber network in China. Afterwards, Dr. Sigrid Winkler, Executive Chamber Manager, German Chamber of Commerce | Shanghai introduced the Chamber in Shanghai. Members were given insights about the German Chamber membership benefits, learned more about the services provided by the GIC, and got to meet the team. Many departments from the Chamber and GIC, including the Membership team, Events team, Communications team, Legal & Invest Department, and Media departments, joined the event and gave on-site consulting to our new members. Representatives of different companies could inform themselves about the Chamber and were given to opportunity to network. The last part of the New Members' Day was an office tour. Members were shown the different departments and office structure in the Chamber. Positive feedback was given after the event.

**7<sup>th</sup>**  
**June 2018**

**Event:** Supported Event  
**Topic:** NANJING NEXT SUMMIT Blockchain: The New Industrial Revolution  
**Venue:** InterContinental Nanjing  
**Speakers:** Mr. Arnold Gao | Director, Deloitte  
Mr. Zennon Kapron | Director, Kapronasia  
Mr. Jiang Li | CTO, Microsoft China  
Mr. Leo Liu | Senior Actuary, Scor Global Life  
Dr. Changrui Ren | Chief Scientist & Head of Emerging Technologies, IBM Research China  
Mr. Xiaozhong Wang | China Policy & Government Relationship Manager, Ebay  
Mr. William Watts | Sr. Director Walmart Food Safety Collaboration Center, Walmart  
Mr. Jerry Yu | Senior Actuary, Scor Global P&C  
Mr. Xinlei Zhai | JD-Y Supply Chain Planning, JD.com

The AmCham Nanjing Center, supported by the German Chamber of Commerce, organized the second Nanjing NEXT summit, which aims to provide executives with a 24-month view into the future for multinational businesses operating in China. Over one hundred professionals interested in blockchain technology gathered at the 2018 Nanjing NEXT Summit on Friday, 8<sup>th</sup> June at the Nanjing Intercontinental Hotel to learn about the technology's real-world applications. During three keynote speeches, a breakout session, and a panel discussion, attendees heard from executives at IBM, Microsoft, Walmart, JD.com, Deloitte and NEO about the opportunities and challenges provided by this groundbreaking technology.



**12<sup>th</sup>**  
June 2018  
Event: Workshop Legal & Tax (Chinese):  
Focus of Tax Investigation in 2018 & Tax  
Investigation Risk Alert Following the  
Implementation of the 3<sup>rd</sup> Golden Tax System  
Venue: InterContinental Pudong  
Speaker: Mr. Michael Li | Tax Partner, KPMG  
China



On 12<sup>th</sup> June 2018, the German Chamber of Commerce held a Chinese Workshop (Legal & Tax): "Focus of Tax Investigation in 2018 & Tax Investigation Risk Alert following the implementation of the 3<sup>rd</sup> Golden Tax System" in InterContinental Pudong. With the implementation of the 3<sup>rd</sup> Golden Tax System, tax supervision and tax investigation have entered the "Big Data" era. As China's tax investigation system continues to improve, taxpayers should pay more attention to various potential tax risks in the context of the application of "Big Data" in order to avoid tax risks in advance. On the other hand, the development of taxation technology has also helped the taxpayers to enhance their tax compliance through technical means. Mr. Michael Li was invited as an expert to introduce the functions of the 3<sup>rd</sup> Golden Tax System during tax investigation, to forecast the focus of tax investigation in 2018, and to share experiences regarding tax risk alert in the "Big Data" era, how to improve the taxpayers' own tax compliance, and tax risk management capacity.



The Chamber Briefing was organized by the German Chamber of Commerce, in cooperation with the European Chamber Nanjing and Amcham Nanjing Center, to give member and non-member companies insights about current relevant business challenges in China, focusing on the Shanghai and Nanjing areas. The cooperation of the three chambers brings together different point of views on current developments relevant for foreign business in China.

In this first chamber briefing, the German Chamber presented the Shanghai Masterplan 2025, which also includes the development of the Jiangsu region and Nanjing, the American Chamber gave insights about the US-China relations, and the European Chamber focused on their Business Confidence Survey and business developments in the greater Nanjing area.



**20<sup>th</sup>**  
June 2018  
Event: Special Event & Joint Chamber Event  
Topic: Chamber Briefing Nanjing  
Venue: Tab Planet Nanjing  
Speakers: Mr. Kenneth Jarret | President  
of The American Chamber of Commerce in  
Shanghai; Dr. Andreas Risch | Managing  
Director of Fette (Nanjing) Compacting  
Machinery Co., Ltd. and Vice Chair of  
European Chamber Nanjing Board  
Ms. Daisy Zhu | Regional Manager Shanghai,  
German Chamber of Commerce in China |  
Shanghai  
Moderator: Ms. Johanna Spee | Regional  
Manager Neighboring Provinces, German  
Chamber of Commerce in China, Shanghai



**21<sup>st</sup>**  
June 2018  
Event: Chamber Meeting  
Venue: Jing An Kunlun Hotel, Shanghai  
Speaker: Mr. Jack Chen | Co-founder and  
Executive Vice President of NIO, Chief  
Executive Officer of XPT  
Moderator: Mr. Michael Maeder | Managing  
Partner at Direct HR Shanghai / Ward Howell  
Management Consulting (Shanghai) Co., Ltd.

On 21<sup>st</sup> June 2018, the German Chamber of Commerce in Shanghai hosted their Chamber Meeting at the Jing An Kunlun Hotel on the topic "Future of Mobility-Behind the Scenes of NIO". The Chamber was honored to welcome Mr. Jack Chen, Co-founder and Executive Vice President of NIO and Chief Executive Officer of XPT, as key note speaker of the event. The moderator, Mr. Michael Maeder, guided the



event participants through the evening. The Chamber Meeting started with a warm welcome of all new members, followed by a delicious buffet dinner.

Following an introduction of his fellow colleagues, Mr. Chen gave an introduction of NIO and its underlying founding story. "NIO is a global company that designs, develops, and produces smart, high-performance, premium electric vehicles. Our aspiration is to shape a better life for our users through thoughtful design, amazing services, and cutting-edge technology," he described.

In his compelling speech, Mr. Chen outlined the success story and vision of NIO and why the company sees the future in smart, electric, and autonomous vehicles. The guiding philosophy is reflected in the company's Chinese name, Weilai, which means Blue Sky Coming and represents the commitment to more environment friendly mobility-solutions. Also, NIO has tasked itself with redefining the user experience of car owners, while introducing a range of innovative smart mobility solutions that connect people with their cars.

After Mr. Chen finished his speech, Mr. Maeder invited him to an interview session, followed by a Q&A session where event participants had the chance to ask questions. Among other things, the audience showed an interest in the expected future of e-mobility and Mr. Chen's opinion whether the emerging trend of the shared economy will influence the sales figures of NIO cars. Overall, the event was well attended by over 150 participants, who enjoyed an interesting discussion.







## Michael Kruppe

**Company:** Shanghai New International Expo Centre Co., Ltd.  
**Job Title/Position:** General Manager  
**Year of Foundation:** 2001  
**HQ (location):** Shanghai  
**Main Business:** Exhibition Venue, Event Space  
**Number of Employees:** 160

### What is your personal and business background?

I finished high school in Hamburg 1986 and then came to Shanghai in 1989, just in time to witness China's opening and since then have been working for four MNC. Starting as a product manager with worldwide sales and purchase responsibilities for food, chemical and pharmaceutical ingredients, I later moved to general management for production and trading for food products and stainless-steel equipment. I have been working for almost three decades, with global customers as well as local and central governments in China. My position as GM in SNIEC requires a lot of communication with the government in China and internationally.

### How long has your company been active in China? Have there been any major shifts in strategy in that time?

SNIEC was set up as a 50/50 JV and opened in 2001. At that time, even ex-Chancellor Schröder came to Shanghai to support this opening ceremony. What seemed to be a bit risky investment turned out to be the most successful expo venue globally, with occupancy rates far above 70pct. This compared with the global average of probably 40-50pct, is outstanding. Back in 2014 when I joined, a new venue also opened its gates in Shanghai. It was a clear strategy: Deliver top service to all the 130-150 shows we have annually in SNIEC. Today, all top five

global show organizers are in SNIEC and our strategy is working out very well.

### What are your aims and hopes for the future?

Simply, I wish the environment in China and globally remains stable, enabling us to work and live peacefully and focus on growing rather than protecting. The exhibition industry is booming, so there is much of work ahead of us. Personally, I have no fixed plan. My family is happily living here in Shanghai. I believe we will be around for another ten years.

### What is your competitive advantage/selling point?

Our service will remain top, which is the key in the show and MICE industry. That is our promise and we will walk the talk. Our team is over 90pct, with the same people as 17 years ago. This is hard to find and really makes a difference in this industry.

### What made you decide to go overseas?

My first company in Hamburg sent me to China in 1989. At that time, China was not cool at all; everyone wanted to go to Paris, London or the US. I wanted to go East. Almost 30 years later, I can say because of that, I found my personal and career happiness. Also, receiving the prestigious Magnolia Award from the Shanghai Government in 2017 and meeting Mr. Han Zheng was a great honor for me.



**27<sup>th</sup>** Event: [Taicang] FIFA World Cup Public Viewing at the German Centre Taicang  
**June 2018** Venue: 2F Dongting Building



**2<sup>nd</sup>** Event: [Members Only] Special Excursion Automotive: SAIC Volkswagen Plant Visit  
**July 2018** Venue: Anting, SAIC Volkswagen, Car Plant 3  
 Speaker: Mr. David Powels, First Vice President & Commercial Executive Vice President

On 2<sup>nd</sup> July 2018, the German Chamber Shanghai organized another interesting company excursion, this time to SAIC Volkswagen Automotive Company Ltd.'s Car Plant in Anting.

Proceeding the arrival of the attendees, Mr. David Powels, First Vice President & Commercial Executive Vice President gave a brief and informative introduction of SAIC Volkswagen. He gave an overview of the plants worldwide, showcased different products and models, and revealed important key figures, and the main core goals for SAIC Volkswagen.

The presentation was followed by an active Q&A, in which Mr. Powels was asked about how learnings from the Chinese automotive sector can be implemented into automotive sectors worldwide. With over 30 years of experience in different countries, such as South Africa, Germany and China, Mr. Powel's conclusion about the Chinese automotive market was a positive one.

After the end of the presentation, carts were awaiting the participants in the lobby to carry them through the plant. Visitors were guided through different workshops on the factory floor, where the process of different components were shown. In conclusion, it was an insightful and interesting visit, where visitors were led "behind the scenes".





10<sup>th</sup>  
July 2018

Event: Special Event  
Topic: Excursion to Songjiang G60 Sci-Tech Innovation Valley & Company visit to Wenben Smart Manufacturing System  
Venue: G60 Sci-Tech Innovation Valley Exhibition Hall  
Speakers: Mr. Jiangbing Wang | CEO of KUKA System (Shanghai)  
Mr. Jiong Wu | Vice President of Business & General Manager at Haier Digital Technology Co., Ltd & Haier Digital Technology Shanghai Branch

On 10<sup>th</sup> July 2018, the German Chamber of Commerce conducted a Special Event: "Excursion to Songjiang G60 Sci-Tech Innovation Valley & Company visit to Wenben Smart Manufacturing System" in Songjiang.

Songjiang is one of the most important advanced manufacturing bases in Shanghai. Focusing on Shanghai Manufacturing" brand construction, Songjiang created a G60 Sci-Tech Innovation Valley facing the Yangtze River Delta along the Songjiang section of the G60 expressway. Its industry is precisely positioned at "6+X" strategic emerging industries including intelligent manufacturing, integrated circuits, new energy, bio-medicine, intelligent security and new materials and productive services. During the excursion, the blueprint for the development of Songjiang G60 Sci-Tech Innovation Valley was introduced. Leading companies and enterprises were also introduced.



The business lunch was followed by the official conference where Mr. Jiangbing Wang from KUKA and Mr. Jiong Wu from Haier held their speech. Mr. Wang gave insights on the robotics market and industry revolution development, robotics-based automation, and KUKA's smart manufacturing solutions in the automotive industry. Mr. Wu introduced the COSMOPlat, which is related to Industry 4.0. After the conference, participants visited the Weben Smart Manufacturing System in Songjiang. WEBEN SMART's main business is system integration of flexible equipment with industrial robots, and robot's refurbishment. WEBEN SMART provides one-stop, flexible factory automation solutions and turnkey projects to customers. All participants were satisfied with this event and expressed big interest towards the speeches of KUKA's and Haier's guest speaker.



### New Project Manager Social Responsibility



In March 2018, Ms. Elisabeth Bauer joined the German Chamber of Commerce in China | Shanghai for an internship during her studies at Shanghai Jiao Tong University. After receiving her master's degree in Business Administration, she was appointed as Project Manager Social Responsibility as of 1<sup>st</sup> August 2018. She will be the main contact person for the German Chamber's social responsibility initiative "More than a Market".

Before joining the German Chamber of Commerce, she formerly worked at an international tourism advisory group, which was developed by the Sustainable Tourism CRC, the world's largest dedicated research center specializing in sustainable tourism and research.

She can be reached via phone at +86 (0) 21-5081 2266\*1859 or via email at bauer.elisabeth@sh.china.ahk.de.

### New Junior Project Manager Events



On 1<sup>st</sup> July 2018, Ida Cheng joined the German Chamber of Commerce in China | Shanghai as Junior Project Manager Events. She has completed her bachelor's degree in Beijing Language and Culture University as well as a dual bachelor's degree in Business German and Tourism Management in HTWG Konstanz, Germany. She started working for the Chamber as event management and communications intern in 2017, during her academic year.

Ms. Cheng can be contacted in Mandarin, English and German at +86 (0) 21 5081 2266\*1850 or at cheng.songyun@sh.china.ahk.de

Advertorial



Name: Richard Yao  
Company: Knauf China  
Job Title/Position: Managing Director of Greater China  
Year of Foundation: 1995  
HQ (location): Shanghai  
Main Business: New Building Materials  
Number of Employees: Over 500 persons

#### What is your personal and business background?

Through my assignments at the top management level in different large scale multinational and overseas listed enterprises, I have developed a deep understanding of both Chinese and Western culture. Having senior management experience for many years with my previously Managing Director role for Greater China & South East Asia, I have gained first-hand experience in forming growth strategy and successful running of companies.

#### Knauf is a German family-business. What are the core values of your company?

Since 1971, Knauf has embarked on an international expansion. Today, Knauf operates in 86 countries and areas worldwide. Thus, Knauf has developed itself from a family company to a family of companies. Our core values - Menschlichkeit, Entrepreneurship, Commitment and Partnership – are lived by

the Knauf family of 27,900 employees in more than 220 production bases and sales organizations worldwide. Our values made us what we are today!

#### How are these core values adapted in the Chinese market?

At Knauf, we see corporate social responsibility as something that is in our blood. Knauf has upheld our fundamental mission of creating better interior spaces for mankind since "day one" of its presence in China. We have used responsible methods to promote business success by maximizing our core capabilities, improving communication and cooperation with local stakeholders, showing concern for people and the environment, and advancing the robust development of the industry.





Training Calendar Shanghai

4 <sup>th</sup> September	Data Management and Analysis with Excel	15 <sup>th</sup> - 19 <sup>th</sup> October	Improve Maturity of your Manufacturing Process to 6 Sigma
4 <sup>th</sup> September	Time and Stress Management	16 <sup>th</sup> October	In-Depth Applications of PivotTable
4 <sup>th</sup> - 6 <sup>th</sup> September	Essential AutoCAD Skills: 2-D Drafting Basics	16 <sup>th</sup> - 17 <sup>th</sup> October	Essential AutoCAD Skills: 2-D Drafting Intermediate
		17 <sup>th</sup> - 19 <sup>th</sup> October	Controlling in 5 Stages: Stage 2 "Controlling Toolbox"
5 <sup>th</sup> September	Effective Meeting Management	17 <sup>th</sup> - 19 <sup>th</sup> October	ISO 9001:2015 Internal Auditor Course
6 <sup>th</sup> September	Managing Emails and Schedules Using Outlook	18 <sup>th</sup> - 19 <sup>th</sup> October	"Strategic Thinking" in Digital Disruption Age (VUCA Environment)
6 <sup>th</sup> - 7 <sup>th</sup> September	Performance Management and Effective Coaching Skills	22 <sup>nd</sup> - 23 <sup>rd</sup> October	MS Office Advanced Skills for HR Professionals
10 <sup>th</sup> -11 <sup>th</sup> September	Working Smart with PowerPoint	22 <sup>nd</sup> - 24 <sup>th</sup> October	IATF 16949:2016 Internal Auditor Course
11 <sup>th</sup> - 12 <sup>th</sup> September	Basic Management Skills	24 <sup>th</sup> - 25 <sup>th</sup> October	MS Excel Advanced Skills for Financial Professionals
11 <sup>th</sup> - 12 <sup>th</sup> September	German Business Culture	26 <sup>th</sup> October	Preventive Quality Assurance – Design and Process FMEA
12 <sup>th</sup> - 14 <sup>th</sup> September	Controlling in 5 Stages: Stage 1 "Controlling & Controller"		
12 <sup>th</sup> - 14 <sup>th</sup> September	ISO 9001:2015 Internal Auditor Course	29 <sup>th</sup> - 30 <sup>th</sup> October	Working Smart with MS Project
13 <sup>th</sup> - 14 <sup>th</sup> September	Essential Leadership Skills Module 2	30 <sup>th</sup> - 31 <sup>st</sup> October	Excellence in Customer Service
13 <sup>th</sup> - 14 <sup>th</sup> September	Working with Excel Macro & VBA	1 <sup>st</sup> - 2 <sup>nd</sup> November	Cross-Cultural Training-Virtual Communication
14 <sup>th</sup> September	Employment Contracts for Foreigners – Aligning Legal, Social Insurance, Tax and Immigration Requirements	2 <sup>nd</sup> November	7 Steps to Effective Problem Solving for a High-performance Team
19 <sup>th</sup> - 20 <sup>th</sup> September	Convincing & Influential Power – Persuade Others and Sustain Impact	5 <sup>th</sup> November	Fundamentals of Access Database
20 <sup>th</sup> - 21 <sup>st</sup> September	How Team Leader Build High Performance & Cohesive Teams?	5 <sup>th</sup> - 6 <sup>th</sup> November	Working Smart with PowerPoint
20 <sup>th</sup> - 21 <sup>st</sup> September	Working Smart with Excel	6 <sup>th</sup> - 7 <sup>th</sup> November	Advanced Applications of Access Database
21 <sup>st</sup> September	Compliance Risk HR – Chinese Employment and HR Law in a Nutshell	6 <sup>th</sup> - 7 <sup>th</sup> November	Effective Communication and Presentation Skills
21 <sup>st</sup> - 23 <sup>rd</sup> September	IATF 16949:2016 Internal Auditor Course	7 <sup>th</sup> November	Successful Design with PowerPoint
26 <sup>th</sup> - 28 <sup>th</sup> September	ISO 14001&OHSAS 18001 Legal Requirements Compliance Evaluation	8 <sup>th</sup> - 9 <sup>th</sup> November	Key Account Management Workshop
27 <sup>th</sup> - 28 <sup>th</sup> September	Bridging the Culture Gap-Living & Working and Leading in China	8 <sup>th</sup> - 9 <sup>th</sup> November	Lean Production Enabled by Industry 4.0
12 <sup>th</sup> October	Working with Excel Functions	12 <sup>th</sup> November	The Hanco
15 <sup>th</sup> October	Office 365/2016: Improved Experience in Desktop Productivity	15 <sup>th</sup> - 16 <sup>th</sup> November	Customs Clearance Efficiency and Cost Control
15 <sup>th</sup> - 16 <sup>th</sup> October	Crash Course Controlling for Non-Financial Managers & Professionals	16 <sup>th</sup> November	Design Your Production Line Lean and Intelligent
		19 <sup>th</sup> - 20 <sup>th</sup> November	Working Smart with Word
		19 <sup>th</sup> - 21 <sup>st</sup> November	Controlling in 5 Stages: Stage 3 "Controlling Implementation"
		19 <sup>th</sup> - 21 <sup>st</sup> November	ISO 9001:2015 Internal Auditor Course
		20 <sup>th</sup> - 21 <sup>st</sup> November	Leadership Coaching Style (LCS)

Training Highlights - Shanghai

"Strategic Thinking" in Digital Disruption Age (VUCA Environment)

Most organizations go through some form of strategic planning cycles. Essentially, this may involve two broad phases: the formulation and the execution. As strategy reflects the collective wisdom of the organization, it is imperative that it is designed and executed well. It is expected that participants to this Workshop are highly engaged and interactive as "strategy is dead" without active dialogue and sharing of experiences. Business cases of real digital disruption companies happening within China versus EU & the USA will be discussed in classroom.

Excellence in Customer Service

The customer is the person who is the driving force behind salary payments and deciding whether a business is going to succeed or fail. Literally everything we do, every concept perceived, every technology developed, and associate employed is directed with this one objective in mind - pleasing the customer. This training offers many practical concepts and ideas of how to improve the service you offer customers.

Compliance Risk HR – Chinese Employment and HR Law in a Nutshell

As a foreign company in China, there's a range of topics to consider to establish a sound HR structure, that is compliant with laws yet still efficiently managed. If you want to learn about the structure and requirements of Chinese HR laws as a foreign manager leading staff in China, this training course is ideal for you! A profound knowledge about Chinese legal HR regulations, based on your understanding and experience of home country's regulations, enables you to ensure the legal feasibility of your HR decisions. Especially in a dynamic economic environment it is important to timely implement a flexible personnel organization and "do your homework" in order to avoid incompliance, cost and road blocks in later organizational changes or development.

Shanghai contact: Ms. Wang Xueting  
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✉ wang.xueting@sh.china.ahk.de

Trade Fair Outlook

Major exhibitions in the following months are:

**NEW ENERGY AUTO SHOW** – China International Industry Fair 19.09.-23.09.2018 at NECC will be supported by GIC Greater China | Shanghai

**Music China** – China International Exhibition for Musical Instruments and Accessories 10.10.-13.10.2018 at SNIEC

**CWP** – China Wind Power 17.10-19.10.2018 at CIEC (New Venue) will be supported by GIC Greater China | Shanghai

**Fenestration BAU China 2018** 31.10-03.11.2018 at CIEC (New Venue)

**China International Import Expo** 05.11-10.11 at NECC will be supported by GIC Greater China | Shanghai

**PTC ASIA** – International Trade Fair for Electrical and Mechanical Power Transmission, Fluid Power, Compressed Air Technology, Machine Parts, Bearings, Internal Combustion Engines and Gas Turbines 06.11.-09.11.2018 at SNIEC

**Rail + Metro Tunnel China** 07.11-09.11.2018 at SNIEC will be supported by GIC Greater China | Shanghai

**FHC CHINA** – International Food, Drink, Hospitality, Foodservice, Bakery and Retail IT Exhibition 13.11.-15.11.2018 at SNIEC

**Bauma China** – International Trade Fair for Construction Machinery, Building Material Machines, Mining Machines and Construction Vehicles 27.11.-30.11.2018 at SNIEC

\*SNIEC – Shanghai New International Expo Center

\*NECC – National Expo & Convention Center

\*CIEC – China International Exhibition Center

For more information on Trade Fairs in China, please contact us directly:  
Ms. Dong Wen | Tel. 021 3858 5052 | ✉ dong.wen@sh.china.ahk.de

Successful Trade Fair Participation the Focus of New Events and Trainings



Organizing a successful trade fair to gain participation requires detailed planning as well as a professional follow-up. In a bid to help companies better reach their trade fair goals, on 12<sup>th</sup> June 2018, AHK/GIC Shanghai organized a training entitled 'From Contacts to Cont(r)acts' in the GIC Shanghai office. Experienced exhibition & marketing expert, Karla Juegel from Germany conducted the trade fair themed training for twelve trainees working in marketing and sales positions in different, well-known companies. "I found I was not only trained there, I was totally inspired," stated Ms. Sara Li from Klüber after the training

A second event was held in Huzhou on 14<sup>th</sup> June, supported by Huzhou CCPIT. The workshop 'Make the Best of Trade Fairs in Germany' focused on informing Chinese companies on how to better prepare trade fair participation in Germany. More than 120 participants from local Huzhou enterprises joined the event. After opening remarks by the chairman of CCPIT Huzhou, Mr. Kai Jin, and the Deputy General Manager of GIC Shanghai, Ms. Christine Mueller, representatives from Hannover Milano Fair and Uniplan gave their professional advice from different perspectives as German exhibition organizer and booth design and construction company. In the afternoon, Ms. Karla Juegel delivered a specific lecture on 'How to be successful at trade fairs in Germany' and shared her insights and solutions with the audience.

"This first-time cooperation with GIC Shanghai is unexpectedly successful. It's our duty to organize this form of event frequently from now on to benefit more and more Chinese companies and help them to attend overseas trade fairs properly for achieving their business targets" commented the chairman of CCPIT Huzhou Mr. Kai Jin.

For more information, please contact:  
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## Thanks to Our Yearly Sponsors 2018

### Guangzhou Office



### Chengdu Office



### Shenzhen Office



### RIB and Microsoft Create World's No.1 Vertical Cloud for the Construction and Real Estate Industry



RIB Software SE has embarked on a joint project called MTWO, a vertical cloud for the USD 10 trillion construction and real estate industries.

At the official launch, RIB and Microsoft, as well as property developer Country Garden Holdings Company Ltd. and RIB's joint venture YTW, announced that they will work together on a Proof of Concept of MTWO. The target of the collaboration is the optimal utilization of big data in the planning, construction, operations and maintenance processes. RIB is establishing a partner network with Managed Services Providers to increase the global adoption of MTWO and to provide MTWO through a network of experienced service providers.

### gempex GMP Seminar 2018 Held Successfully

On 21<sup>st</sup> June, gempex held the 2018 GMP seminar in Shanghai as planned, with the synchronous exhibition of CPhI China. The seminar mainly focused on the topic "How to effectively proceed Q&V for a new set-up facility". Ralf Gengenbach, CEO of gempex China and Henry Wang, Team Leader of gempex China, gave two speeches respectively on "Strategies for Avoiding 7 Pitfalls of New Facilities Q&V", and "5 Principles of IT Validation". By the time the host gave his welcome speech, the meeting room was packed.



### CW's New Office in Shenzhen

To cope with the growing business in China, particularly in the Greater Bay Area, CW CPA has relocated to a better office with better facilities in Shenzhen. The new address is in Room 5, 15/F, Yunsong Building, Terra 8 Road, Chegongmiao, Futian District, Shenzhen, China

(深圳市福田区车公庙泰然八路云松大厦1505). CW CPA is a professional advisory firm founded and managed by Thomas Wong and Rosanna Choi, offering a wide array of client-focused, tailored services of professional quality, including audit and other assurance, tax, corporate secretarial and business process outsourcing, and advisory specialisms in both Hong Kong and Mainland China.



### BBC Camera Crew Goes to MIS Merchiston International School

On 20<sup>th</sup> May, BBC (British Broadcasting Corporation) came to Merchiston International School (MIS) to film the documentary "Scots in China". The British Broadcasting Corporation (BBC) is a British public service broadcaster, it is the world's oldest national broadcasting organization. BBC is famous for producing high-quality documentaries which cover a broad range of topics. "Scots in China"

is a documentary series in production which will be broadcast between October to November this year. During the school open day, over 40 parents and students attended the event. MIS is the first and only school in Shenzhen providing a British education and boarding system. Located in Longhua District in the north of Shenzhen city, MIS occupies a ground space of 20,000m<sup>2</sup> and will open its doors to boys and girls aged 5-18 in August 2018.



### Geoffrey Chan is New CEO of Kautex in China



As of June 2018, Geoffrey Chan is the new CEO of the Chinese subsidiary of Kautex Maschinenbau in Shunde. The experienced industry insider and sales professional, who was part of the Kautex management team as Executive Vice President since January 2017, manages the business together with Managing Director Guoliang Du. While Geoffrey Chan manages sales and service of the blow molding machines produced in China, Guoliang Du is responsible for the production and technology departments. The management is supported by the Executive Vice Presidents Andreas Krause and Mark Lueddecke, who take care of supply chain, production, installation and customer service departments. Chan identifies: "The demand in China for industry and consumables packings as well as automotive solutions continues." In 2017, China alone was responsible for 30 percent of their worldwide revenue volume.

### ZAMA Opens New Branch Office in Shenzhen

On 14<sup>th</sup> June 2018, ZAMA opened a new branch office in Shenzhen, China. The new office is a collaborative workspace. Most of the people working at ZAMA are entrepreneurs, freelancers, and remote workers with a wide range of skill sets and knowledge. ZAMA will accommodate its service and support functions in the new office, such as marketing, sales, controlling, purchasing and parts of logistics. Working with people from totally different industries allows ZAMA to

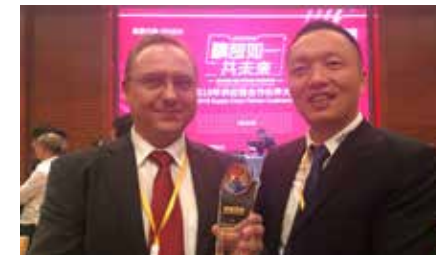
absorb new ideas from others who are not in the network. "The reason why we opened a branch office in Shenzhen is to maintain and win the best talents in China," mentioned Mr. Jan Grigor Schubert, President of ZAMA Group. As one of the most dynamic cities in China, Shenzhen attracts young talents specialized in all kinds of industries, especially in high-tech, finance, advertisement and logistic industries from all over the country. Operating a branch office in Shenzhen will help ZAMA build the best talent team.



### Leifheit AG Opens First Chinese Entity Guangzhou Leifheit Trading Co., Ltd.

The Leifheit AG opened its first entity in the PRC. The new company, named Guangzhou Leifheit Trading Co., Ltd. is based in Guangzhou. Leifheit is expanding its reach and will provide its household products directly to the Chinese customer. By the end of the year, the first products will be shipped by the newly founded entity. The new entity will also be the anchor for the increased focus on the growth of the APAC-region. Leifheit Group employs around 1,100 employees, with the registered headquarters of the company in the Nassau, Rhineland-Palatinate region, Germany.

### Rehm Thermal Systems Strengthens its Presence in Asia



Rehm Thermal Systems can look back on a successful year with its new offices now established in Korea, Taiwan, Thailand and India, allowing for a more comprehensive service network across Asia. These efforts were acknowledged with the recent achievements of winning the Desay Automotive Award as the No. 1 Service Partner, the Award for Excellence in SH Industry Vacuum Soldering Machines and the NEPCON Asia Excellence Award in Shanghai. More offices in Asia and

a bigger production site in China are planned to meet the increasing demand for advanced and high-end soldering machines in the SMT field and to further strengthen the position of Rehm Thermal Systems in China and its ties to the customers in all of Asia.

### DENZA 500 Opens First Plateau Public Test Drive in the Industry



On 2<sup>nd</sup> April, 15 DENZA 500 vehicles drove in Tibet for 410 km without charging. The total mileage of the eight round-trips exceeded 50,000 km. It was the first time for a battery electrical vehicle to complete a public test drive in China's plateau area. DENZA 500, with a higher energy density, has increased the battery capacity to 70kWh. This technology, plus the optimization system of energy consumption, such as the three-class kinetic energy recovery mode, reduces the power consumption to 15.9kWh/100km and extends the cruising range to 500 km.

In 2012, DENZA, the first high-end electric vehicle brand in China was put into the market. Daimler and BYD set up the technology joint venture with 50:50 shares, with both shareholders as core technology exporters. This plateau open test drive will also increase consumer's confidence in electric vehicles.

### Deqi Investments Opens New Office in Taiyuan

On 28<sup>th</sup> June, the branch of Deqi Investments of Oak Garden (CNDE) Holdings GmbH was established in Taiyuan. Oak Garden (CNDE) Holdings GmbH, founded in Birkenfeld, Rhineland-Pfalz, Germany in 2011, is a group for investment and entrepreneurship supported by the local government. Deqi Investment is the only official representative office of the group in China, which is also as the official liaison office of the government in Birkenfeld, Rhineland-Pfalz.





### Academic Exchange at Schoelly



Schoelly invited Dr. Desai, the inventor of Ultra Mini PNL (UMP), to travel around China for academic exchange from 7<sup>th</sup> to 14<sup>th</sup> July. The Schoelly product UMP endoscope system is for kidney stone surgery. It is a totally minimally invasive solution for patients. There were seminars held in Shandong, Jiangxi, Guangxi, Anhui and Shanxi Province. Dr. Desai and many Chinese doctors exchanged and discussed experiences and knowledge of minimally invasive surgery with endoscopes for treatment of kidney stone disease patients. Schoelly will continue to improve the Minimally Invasive surgery endoscope solutions for a better life of patients.

### Dezan Shira & Associates Appointed as Investment Agent for Foshan



Dezan Shira & Associates has been appointed by the Bureau of Commerce of Foshan City, as investment agent for the Foshan Investment Promotion Agency. Under this designation, not only does this strengthen the active role of Dezan Shira & Associates in Foshan and the South China region, but Dezan Shira is also able to encourage new foreign investment and industrial development projects in the city of Foshan. Relations with the Foshan government were promoted by Dezan Shira's Senior Associate, Giovanni Loviseti, who served at the Foshan government for two years as an internal investment promotion expert before joining Dezan Shira.

### Shekou International School Welcomes New Head of School

Shekou International School (SIS) is pleased to announce that Mr. Greg Smith has accepted the position as the next SIS Head of School as of 1<sup>st</sup> August 2018. Greg has dedicated his life to educating young people. After teaching roles in Australia across all primary and sec-



ondary school grade levels, he moved into school administration as a principal, school advisor and superintendent. Over the past ten years, he assumed leadership roles in Beijing, where he was an Elementary Principal and K-12 Curriculum Director, and then in Laos, where he was the Director of the Vientiane International School. Embracing technology as a great accelerator of learning and productivity, Greg has spent the past two years building a school services company harnessing the power of on-line teacher support and recruitment for international schools.

### Helis & Associates Organized B2B Event for Bavarian Delegation in Chengdu and Guangzhou



From 16<sup>th</sup> to 21<sup>st</sup> July, a high-level business delegation led by Bavarian State Minister of Economic Affairs, Energy and Technology, Mr. Franz Josef Pschierer visited Chengdu and Guangzhou. Several managing directors of Bavarian firms had successful exchanges with local companies. For the second year running, these B2B talks were organized by Helis & Associates, a German consultancy firm based in Munich and Foshan.

### Kempinski Hotel Chengdu Appoints New Executive Chef



Mr. Oliver Buentgen has been appointed as Executive Chef at Kempinski Hotel Chengdu. In his role, he will oversee the culinary departments including the four restaurants in the hotel. Furthermore,

Mr. Buentgen will be rolling out new concepts tailor-made to the renovated meeting facilities. Having led Eckart Witzigmann's Palazzo, culinary events will reach new heights in Chengdu. Mr. Buentgen will also oversee the renovation project of the hotel's main restaurant, giving the residents and local community new unforgettable experiences alike. In

addition to the restaurant, the renovation of all guest rooms and suites, lobby and bars is scheduled to begin next year and expected to be completed by 2020.

### TÜV Rheinland Cooperates with CQC to Assist Hisense in Competing in the New Retail Area



On 18<sup>th</sup> July, TÜV Rheinland respectively issued certificate for Hisense's integrated commercial unmanned sales equipment, which is the important practical result of the first safety standards and technical specifications jointly developed in the field of unmanned stores, marking that the three parties are at the forefront of the unmanned retail safety certificate industry. "The unmanned store relies entirely on the automation of equipment and systems, so it needs to adopt higher safety standards. A high level of protection is needed for customer's personal safety, goods safety and information security. Once the future development of unmanned stores is widely adopted, the reliability of large-scale data transmission and the establishment of the entire supply chain quality management system are considered," said Yonger Cao, General Manager, Electrical, TÜV Rheinland Greater China.

### Jaap Beijer becomes new General Manager of MTU Maintenance Zhuhai

On 1<sup>st</sup> July 2018, Jaap Beijer became the General Manager of MTU Maintenance Zhuhai, a 50/50 joint venture between MTU Aero Engines AG and China Southern Air Holding Company Limited. He joined the MTU subsidiary from his role as Senior Vice President Aftermarket IAE AG. In the last years, MTU Maintenance Zhuhai has more than doubled in revenue and workload. The facility is currently expanding by 50 percent.



### Fredrik Johansson appointed General Manager of Hilton Shenzhen Futian



Fredrik Johansson is currently based at Hilton Shenzhen Futian Hotel as the General Manager. Fredrik comes from DoubleTree by Hilton Shenzhen Longhua where he held the same position since November 2015. He brings over 20 years of experience working in various international hotel brand such as Westin, Sheraton and Crowne Plaza having spent more than ten of those years in China. During his tenure, Fredrik has worked as Food and Beverage Director, Hotel Manager and General Manager. Fredrik will bring all his hospitality expertise gained in various operations to his new role at Hilton Shenzhen Futian. Passion for the industry and alignment of both his and the company values create the drive behind his success.

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8<sup>th</sup>

May 2018

Location: Shenzhen

Event: Stammtisch

Venue: Baia Burger Concept Shekou

GC DEALS

11<sup>th</sup>

June 2018

Location: Jieyang

Event: Deutsch (Europäisch) - Chinesische Mittelstandskonferenz 2018

12<sup>th</sup>

June 2018

Location: Shenzhen

Event: Interchamber Networking Drinks

Venue: The Langham

14<sup>th</sup>

June 2018

Location: Guangzhou

Event: Interchamber Networking Drinks

Venue: The Garden Hotel

GC DEALS

3<sup>rd</sup>  
May 2018

Location: Chengdu

Event: Business Visa Seminar

Venue: GCC Office Chengdu

Speaker: Mr. Ihrig Werner | Vice Consul, Consulate General of the Federal Republic of Germany Chengdu

Topic: German Chamber Fast-Track Visa Benefit

On 3<sup>rd</sup> May, a business visa seminar was held for members with speaker Mr. Ihrig Werner, Vice Consul of the Consulate General of the Federal Republic of Germany in Chengdu.

In cooperation with the German Consulate General in Chengdu, the German Chamber of Commerce Southwest China will expand their membership advantages by an "Express Visa Benefit". This benefit will be exclusive and free of charge for German Chamber members in Southwest China. It will allow our members to receive German business visas for their employees in a simplified process.





10<sup>th</sup>  
May 2018

**Location:** Guangzhou  
**Event:** Fit for Application – Students of German Studies at AHK Guangzhou  
**Venue:** GCC Office Guangzhou  
**Speakers:** Mr. Marc Piesbergen | Executive Chamber Manager, GCC SSW; Ms. Katja Schlaug | Key Account Manager, GIC Guangzhou; Ms. Frances Qiu | Head of Recruitment and Training, GIC Guangzhou; Dr. Anja Döscher | Lecturer, DAAD

On 10<sup>th</sup> May, the AHK Guangzhou invited 30 students from Guangdong University of Foreign studies in their 3<sup>rd</sup> year of German studies to an application workshop, a joint project of the German Academic Exchange Service DAAD and AHK. In the first part of the workshop, the Executive Chamber Manager Marc Piesbergen and Key Account Manager Katja Schlaug gave an overview of the German-Chinese economic relationship, differences between German and Chinese business etiquette as well as the various tasks of the AHK from consulting to the organization of cultural events.

The second part was followed by tips, tricks and practical exercises on the application process under the direction of HR manager Frances Qiu and DAAD lecturer Dr. Anja Döscher. The participants discussed lively their answers to typical interview questions. The event was received excellently by the students and offered, in addition to valuable application information and the tip to search for an employer at a German SME, the opportunity to reflect on their own career plans and to make (for the first time) contact with the economy.



19<sup>th</sup>  
May 2018

**Location:** Guangzhou  
**Event:** Stammtisch & German Soccer Viewing: FC Bayern Munich vs. Eintracht Frankfurt  
**Venue:** Paulaner Bräuhaus  
**GC DEALS**



On 19<sup>th</sup> May, the Stammtisch in Guangzhou was all about football, as everyone gathered to see the German Soccer Cup Final between FC Bayern Munich and Eintracht Frankfurt. Paulaner Bräuhaus was packed with Bayern fans and a few Eintracht fans watching the exciting match with an unexpected result! The event was jointly organized by the German Consulate and the German Chamber. Bayern Munich also sponsored some originally signed jerseys.



Launch of the AHK Innovation Hub in Shenzhen (from left to right): Ambassador SHI Mingde, BMWi State Secretary Ulrich Nussbaum, Party Secretary of Guangdong Province LI Xi, Federal Chancellor Angela Merkel, Governor of Guangdong Province MA Xingrui, Delegate of German Industry & Commerce in South & Southwest China Jens Hildebrandt, Party Secretary of Shenzhen WANG Weizhong.

25<sup>th</sup>  
May 2018

**Location:** Shenzhen  
**Event:** Chancellor of Germany Angela Merkel Inaugurates the AHK Innovation Hub in Shenzhen

German Chancellor Angela Merkel, along with state secretary at BMWi (the Federal Ministry for Economic Affairs and Energy) Ulrich Nussbaum, and high-level government representatives from Guangdong province, officially opened the new German Chamber office in Shenzhen as an Innovation Hub.

With its numerous incubators and accelerators, as well as a young population, Shenzhen offers an ideal ecosystem for start-ups. "The new office will serve as a bridge between small and medium-sized German companies and the start-up scene in the "Silicon Valley of

China". It will also strengthen the network between German start-ups and Chinese companies," said Jens Hildebrandt, Delegate of German Industry & Commerce in South & Southwest China. Among other things, the Innovation Hub will offer technology scouting for German companies as well as customized delegations with focus on topics such as: innovation, digitization and high-tech.

Shenzhen is not only the home of a large amount of Chinese high-tech companies such as Huawei, Tencent and BYD, but it has also created many innovative and highly rated start-ups such as DJI, Royole and UBTECH.

The newly opened office is located in the Nanshan district, which is surrounded by technology companies, incubators and rapid prototyping centers.

The AHK Innovation Hub has been generating lots of interest from German companies. Several delegations will visit Shenzhen in the second half of this year. They are keen to explore the innovation scene in Shenzhen and possible technology partnerships and will meet with startups and tech companies. For companies interested in visiting Shenzhen, we can arrange individual programs. German companies who want to employ somebody in China without establishing their own subsidiary can also benefit from our "Office in Office" Service. For German startups who want to work in Shenzhen for a shorter period of time, we can offer workspace in the AHK Innovation Hub and connect them with Chinese companies. Interested companies can contact Katja Schlaug by E-mail: schlaug.katja@gz.china.ahk.de or telephone: +86 (0)20 8755 8206.





**1<sup>st</sup>**  
**June 2018**  
Location: Shenzhen  
Event: Shenzhen Technology University – Your Partner!  
Venue: GCC Office Shenzhen  
Speaker: Prof. Dr. Holger Haldenwang  
| Distinguished Professor, International Consultant of Shenzhen Technology University

On 1<sup>st</sup> June, the German Chamber of Commerce South and Southwest China held an informative meeting with the Shenzhen Technology University. Shenzhen Technology University was recently established by the municipal government of Shenzhen as a public institution of higher education to focus on the needs of industries, following the idea of German universities of applied sciences.

Prof. Dr. Haldenwang, distinguished Professor and international consultant of SZTU, introduced the concept, colleges and some staff from the university. Most importantly, he showed future cooperation opportunities with German companies in Guangdong Province. The university is open for partnerships with companies to offer placements for students' compulsory internships, bachelor and master theses, as well as international experts as lecturers.

The event provided a platform for member companies and representatives of the German business community to get to know the new established university and the unique opportunities to contribute to the successful development of the university based on the standards of a German university of applied sciences.



**8<sup>th</sup>**  
**June 2018**  
Location: Chengdu  
Event: "Home" of German Diplomats Farewell Party & Photographic Exhibition  
Venue: Kempinski Hotel Chengdu  
**GC DEALS**



On 8<sup>th</sup> June 2018, the German Chamber of Commerce | South & Southwest held the "Home" of German Diplomats Farewell Party & Photographic Exhibition in Kempinski Hotel Chengdu for the German Consul General Dr. Klaus Schmidt and his colleagues.

Mr. Jens Hildebrandt, Executive Director and Board Member of GCC South & Southwest China gave opening remarks and thanks to the German Consul. "Exciting, friendly and nice" is how German Consul Dr. Klaus Schmidt described his term in Chengdu at the event. He shared his experiences with the audience very vividly and in addition to his speech, his words were emphasized by a photographic exhibition at the venue.

Food and drinks were provided, and a cozy atmosphere was in the air when the guests met and exchanged during the photo exhibition, which made the event worthy of its purpose.

Lastly, the GCC Chengdu Office would like to once again express their gratitude and respect for the accomplishments in Chengdu by Dr. Klaus Schmidt, Werner Ihrig, Wilhelm Willers, Stephane Bennin and Christopher Bernhard. Much success on your onward journey.



**11<sup>th</sup>**  
**June 2018**  
Location: Shenzhen  
Event: GCC Business Delegation to Greater Bay Area: Shenzhen  
Venue: Royole, GCC Shenzhen, TianAn Cyber Park

On 11<sup>th</sup> June, German Chamber South & Southwest China co-hosted a delegation tour to Shenzhen with the German Chamber Hong Kong, followed by a networking dinner with Dr. Eric Schweitzer, DIHK President (Association of German Chambers of Industry and Commerce). The delegation with over 40 members and partners of the German Chambers started with a visit to ROYOLE, one of the world's fastest-growing technology start-ups for R&D on flexible electronics applications. Afterwards, the newly opened AHK Innovation Hub Shenzhen welcomed the group for a coffee break and Mr. Louis Chen, Project Manager Innovation & Tech Scouting, introduced the unique business landscape of Shenzhen and how German start-ups and companies can benefit from it.



**11<sup>th</sup>**  
**June 2018**  
Location: Shenzhen  
Event: Networking Dinner  
Venue: Hilton Futian **GC DEALS**  
Speaker: Dr. Eric Schweitzer | President of the Association of German Chambers of Commerce and Industry

The joint networking dinner of the German Chambers of South & Southwest China and Hong Kong with DIHK President Dr. Eric Schweitzer was an excellent opportunity to network with other German companies in the Greater Bay Area. Over 70 people listened to Dr. Schweitzer's insights into German politics and economic development, followed by an active Q&A. Kind thanks to Hilton Futian for offering this beautiful venue and the delicious buffet.

At TianAn Cyber Park, the only private technology park and incubator in Shenzhen on a national level, the delegation met start-up entrepreneurs from Nanoleaf and KLOOK to get first-hand information about the start-up scene in Shenzhen and their choice of location.





17<sup>th</sup> – 27<sup>th</sup>  
June 2018

Event: Public Screening: World Cup  
Venue: Guangzhou: Paulaner Bräuhaus  
**GC DEALS**  
Shenzhen: Baia Burger Concept Shekou  
**GC DEALS**  
Chengdu: Kempinski Hotel  
**GC DEALS**  
Fuzhou: Paulaner Bräuhaus  
Xiamen: Paulaner Bräuhaus

In cooperation with the German Consulate General, the German Chamber organized public screenings for football fans in South and Southwest China to watch the German games of the World Cup.



21<sup>st</sup>

June 2018

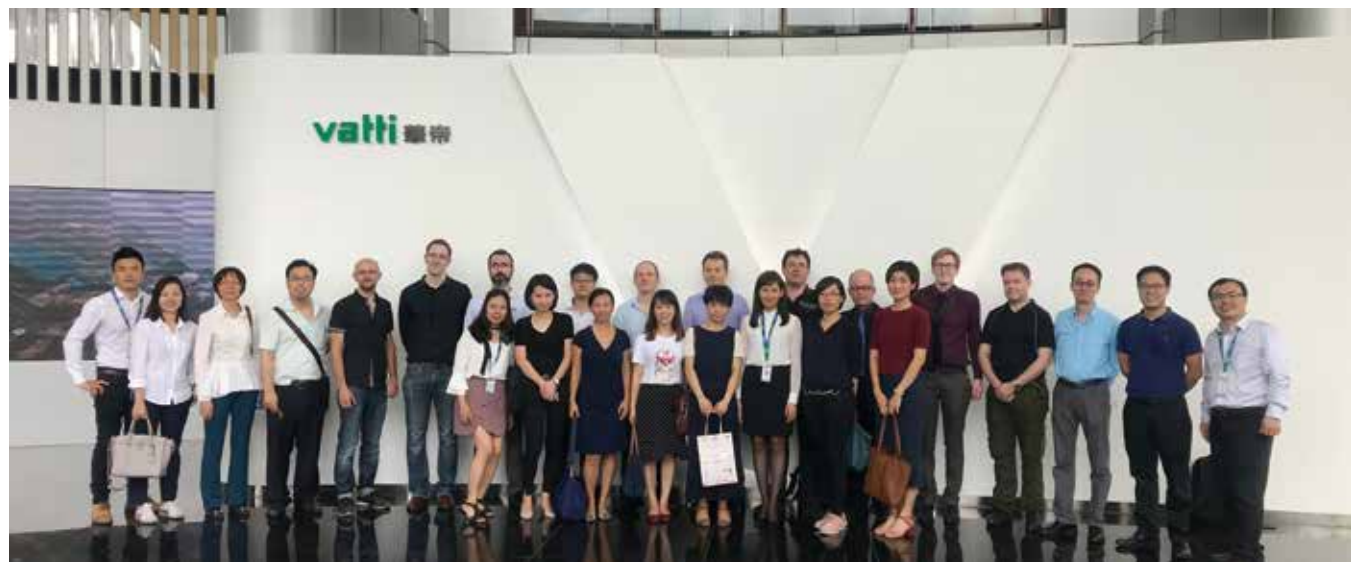
Location: Zhongshan  
Event: GCC Insight: Manufacturing Factory Visit  
Venue: Zhongshan Kalori Air Conditioning Industry Co., Ltd.; Vatti Co., Ltd.

On 21<sup>st</sup> June 2018, the German Chamber of Commerce | South & Southwest China was pleased to co-organize with CCI FRANCE CHINE two factory visits in Zhongshan. 24 senior managers from 15 companies entered into Xiaolan Industry Zone to visit Kalori Air Conditioning Industry Co., Ltd. and Vatti Corporation Limited.

The guests paid their first visit to Kalori Air Conditioning Industry Co., Ltd. During the visit, Mr. Andy Li, Technical Sales Representative, introduced various kinds of products the company produces, along with a detailed presentation of some product samples in the showroom. After the introduction, General Manager Mr. Enguerran L'hullier brought the guests to the plant visit where they learned more about the production process.

After the first visit, the participants visited Vatti Corporation Limited, which was established in 1992 and became listed in the Shenzhen Stock Exchange in 2004. Ms. Jenifer Zhang, sales manager of Vatti, gave an introduction into the history and development of the company during the plant visit. Afterwards, the guests came to the VATTI torch museum and household appliances showroom. Through

the tour and introduction, the guests not only gained insights on the cutting-edge products in the showroom, but they were also deeply impressed by the torch collection exhibited in the museum including the torch of the Beijing 2008 Summer Olympic Games. Many thanks to CCI FRANCE CHINE for their great support and special thanks to Kalori and Vatti who made this event possible and successful!



27<sup>th</sup>

June 2018

Location: Guangzhou  
Event: Seminar: Re-location in China – Site Selection, Legal, HR & Tax Considerations  
Venue: GCC Office Guangzhou  
Speakers: Mr. Juan Rojas | Associate, International Business Advisory; Mr. Sean Huang | Manager of Business Advisory; Ms. Daisy Huang | Head of Audit and Compliance at Dezan Shira & Associates

Increasing operation expenses, tighter regulations, fierce competition or simply new opportunities, are some of the reasons companies decide to relocate to smaller cities or different regions with lower costs, tax incentives and less-saturated markets. In the seminar jointly organized with Dezan Shira & Associates, the participants gained insight into a number of different aspects to take into consideration when thinking about relocation.

General strategies from the legal perspective were explained for companies to have at hand when considering relocating, whether relocating in the same city, cross-city, mergers or deregistration, and how to properly manage human resources. Furthermore, the speakers provided detailed information on how to prepare for relocating from a tax and finance point of view. Included in this was an examination on the specific procedures when approaching China's tax authorities and key points to be aware during the transition period.



28<sup>th</sup>

June 2018

Location: Shenzhen  
Event: Seminar: Re-location in China – Site Selection, Legal, HR & Tax Considerations  
Venue: GCC Office Shenzhen  
Speakers: Mr. Juan Rojas | Associate, International Business Advisory; Ms. Lucy Liu | Assistant Manager; Ms. Amber Liu | Senior Manager and Head of Accounting and Tax Services at Dezan Shira & Associates



In cooperation with:

GERMAN CHAMBER of Commerce in China - South & Southwest  
Consulate General of the Federal Republic of Germany  
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German Chamber Night at Oktoberfest Chengdu on 14<sup>th</sup> September. Oktoberfest in Guangzhou will be from 16<sup>th</sup> till 20<sup>th</sup> October 2018. Oktoberfest in Shenzhen from 31<sup>st</sup> October till 4<sup>th</sup> November 2018. The 2<sup>nd</sup> HR Summit South China will take place at the 2<sup>nd</sup> November 2018! More information about the event and registration will follow.

For more information please contact:  
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### New Event and Marketing Manager in Guangzhou



The German Chamber of Commerce in China | South & Southwest is pleased to announce the appointment of Ms. Emily Chen as Event & Marketing Manager. Ms. Chen obtained her bachelor's degree in Business English from South China Agricultural University. During her senior year at university, she worked as a Trainee at German Chamber of Commerce for seven months. She has experience in administration, membership services and event management. Ms. Chen can be contacted in English, Mandarin and Cantonese at chen.emily@gz.china.ahk.de, 020-8755 2353 \*217.

### New Membership and Administration Manager



On 13<sup>th</sup> June 2018, Ms. Eliza Wu joined German Chamber of Commerce in China | South & Southwest China as Membership and Administration manager. She holds a bachelor's degree in Business Administration and has rich experience in customer relationship management and process improvement. She will be responsible for membership maintenance and the administration support of the GCC SSW Guangzhou Office. Please feel free to contact her in English, Cantonese and Mandarin via wu.eliza@gz.china.ahk.de or 020-8755 2353 \*225.

### Training Calendar South & Southwest China

#### Training Calendar Guangzhou

7 <sup>th</sup> September	Developing Sales Strategy (CN)
21 <sup>st</sup> September	Creative Problem Solving & Decision Making (CN)
19 <sup>th</sup> October	Advanced Course of Enterprise Credit Risk Management (CN)
19 <sup>th</sup> October	Highly Effective Talent Recruitment and Selection (CN)
8 <sup>th</sup> November	Project Management Essentials (CN)
30 <sup>th</sup> November	Understanding Germany as A Business Destination (CN)

#### Training Calendar Shenzhen

12 <sup>th</sup> September	Better Manager Your Data – Excel Data Analysis Skill Training (CN)
13 <sup>th</sup> September	PowerPoint Presentation Skills Training (CN)
19 <sup>th</sup> September	Develop Employees' Potential – Leadership Coaching Skills (CN)
16 <sup>th</sup> October	How to Carry Out Task Based Risk Assessment (CN)
25 <sup>th</sup> October	Supervisory Management Skills (CN)
15 <sup>th</sup> November	Leadership Skills for Advanced Managers (EN)
22 <sup>nd</sup> November	Empowering Your Executive Assistant (EN)

#### Training Calendar Chengdu

14 <sup>th</sup> September	Creative Problem Solving & Decision Making (CN)
5 <sup>th</sup> December	Work Slides Designing and Presentation Skill Training (CN)
14 <sup>th</sup> December	Win-Win Negotiation Skills (CN)

### Express Visa Benefit

We proudly announce that – in cooperation with the German Consulate General in Chengdu – the "Express Visa Benefit" has officially launched on 1st June 2018! This benefit will be exclusive and free of charge for German Chamber members in South-west China. It will allow you to receive German business visas for your employees in a simplified process. We sincerely give thanks again for the great support of German Consulate General in Chengdu!

For more information, please contact Ms. Stephanie Wang at yingyue.wang@gz.china.ahk.de or 028-8533 6841.



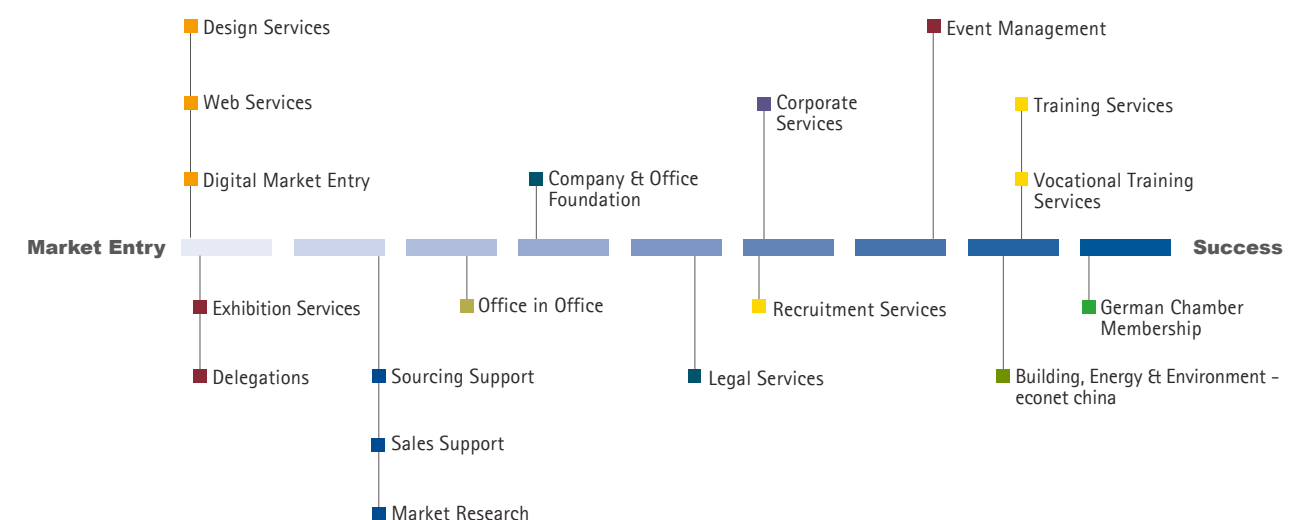
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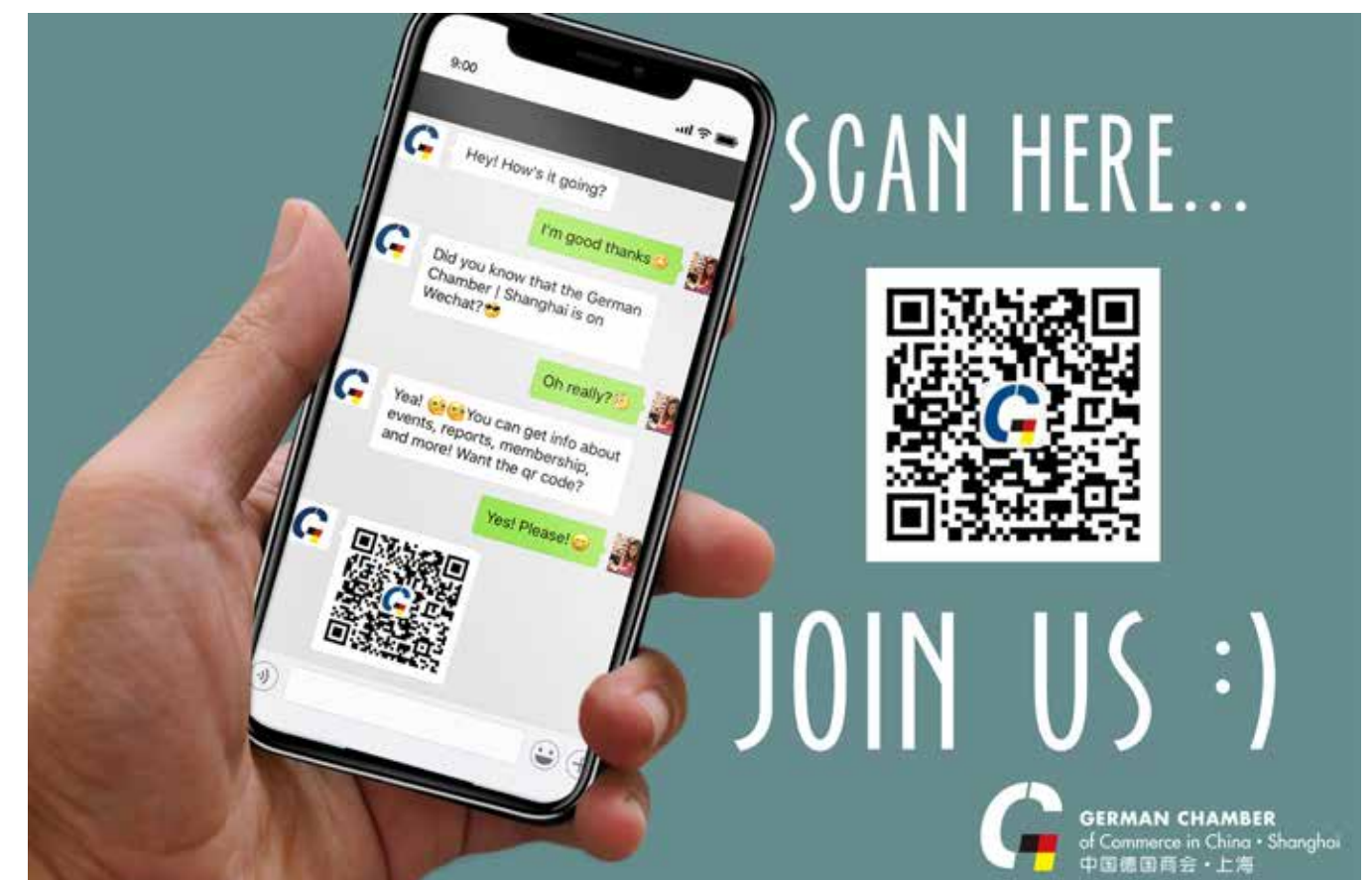
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## Ningbo Meishan International Health Industrial Park

Ningbo Meishan International Health Industrial Park is located in Ningbo Meishan Free Trade Port Zone, the state-level development platform, where on the south-east of Ningbo City. As a beautiful overlooking island, here are international port linking to main ports worldwide, bonded warehouses and efficient port clearance formalities available. By virtue of this area's advantages in function, policy and service, the park has attracted more than one hundred medical enterprises whose business covering R&D, production, investment, trading and service additionally. To support rapid innovation and development of those enterprises, an industry guidance fund of 1 billion RMB has been set up specially.

Following investment projects are welcomed warmly.

### Medical Equipment Intelligent Manufacturing Base

focusing on international cooperation and production projects for mid-high end medical equipment, aims to fully raising China's medical equipment industrial development level by applying world-leading technologies. The representative project is Kangda Intercontinental Meishan Health Industrial Park. Invested 2.5 billion RMB, it covers an area of 319 acres, aiming to constructing an over 330,000 m2 world-class factory and flagship medical base.



### Health Services Complex

focusing on high-end medical service for cancer therapy and medical cosmetology, aims to creating a national health tourism demonstrative base by utilizing Meishan's superior tourism resources. The representative project is MBM precision medicine project. MBM has actively expanded a world-wide innovation platform and dedicated to providing clinical case and patient with a vertical precision medical solution. MBM and OCB have together established MBM-OCB joint laboratories in Oxford, Britain and Meishan, China respectively.

### Medical Innovation Park

focusing on medical investment and Financing Organization with localization request on overseas M&A project, self-raised fund investment project and LP investment project, aims to creating a shared space for resources and benefit to meet the asset-light strategy of the start-ups.



Ningbo Meishan Free Trade Port Zone Investment and Cooperation Bureau

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## 国家级·嘉兴经济技术开发区 JXEDZ National Level Jiaxing Economic & Technological Development Zone

### Main Industries

Auto Parts  
Equipment Manufacturing  
High-end Food Processing  
Healthcare

### Advantages

- 01 Advantaged Natural Condition
- 02 Developed Transportation Network
- 03 Abundant & Quality Human Resources
- 04 Attractive Tourist Resort
- 05 Highly Competitive Investment Cost
- 06 Pleasant Living & Working Environment with Complete Infrastructure
- 07 Efficient and Honest Government Service
- 08 Demonstration Area of Fully Connecting to Shanghai



### Transportation

#### > High-speed Railway

Distance	Time
To Shanghai	75km 25min
To Hangzhou	75km 23min

#### > Highway

Distance	Time
To Highway Entrance	5km 10min
To Shanghai	90km 60min
To Hangzhou	85km 60min

#### > Airport

Distance	Time
To Shanghai Hongqiao Airport	90km 60min
To Shanghai Pudong Airport	120km 75min
To Hangzhou Xiaoshan Airport	90km 60min

#### > Port

Distance	Time
To Jiaxing Port	30km
To Shanghai Port	130km
To Ningbo Port	250km
To Yangshan Port	70km



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