CATERING TO THE NEW MIDDLE CLASS

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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 5th to 10th 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!

Ms. Simone Pohl

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

Simone Pohl
Cover Story: Catering to the New Middle Class

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

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Michael Kruppe, General Manager at Shanghai New International Expo Centre Co., Ltd.

Industry Report: The Healthcare Industry

Chamber Affairs: Chancellor of Germany Angela Merkel Inaugurates the AHK Innovation Hub in Shenzhen
China's answer to Hollywood - The Oriental Movie Metropolis - officially opened on 28 April 2018, and is aiming to boost the domestic 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 as 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.

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 Hangzhou.

Gaoao to Get Revamped

The National Higher Education Entrance, commonly known as Gaokao (高考), is the 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 enrolment 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.
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.

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.

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.

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 oxidation. 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 China, most brands would localize specifically for either of those countries but don’t do so in China. According to China Skinny, 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 the attention of an ever-more indifferent consumer, contributing to the most contested market on the planet.

By MARK TANNER
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 influence 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 over-weight 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 Shanghaiese 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 more sexual and Shanghaiese consumer in general relate to more creative, aspirational and international positioning. More functional messaging sits well down in Guangzhou. They are also more than twice as likely to be over-weight than Chinese as a whole. That is likely to impact everything from what clothes they buy to the size of car they may consider.

That’s just a few examples covering the tier-1 cities. Sophistication and preferences usually change with city tier and it can be worth while 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.
The sports industry experienced an outstanding development in the last few years, driven by government policy, increasing investments (both public and corporate) and public awareness leading to a booming number of sport participants (chart #1).

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, prove 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, online 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 industries 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.

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
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 CBOLs, 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 gym, 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 WeChat and complementing them with its app, many new entrants has 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 Guotai Jun 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 form the target group are more 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, water sports 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. Pfizer Intelligence forecasts the domestic industry size is going to reach RMB 615.2 billion 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 outdoors 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.

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**QUALITY WORKS.**

**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-over-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.”

**Customizing future mobility**

With the increasing application potential of high-tech thermoplastic materials and the growing demands of the auto industry, LANXESS is establishing a new high-performance engineering plastics center in Changzhou, China, 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 connect cross members. Depending on the part, the lightweight construction can make a weighting of up to 50 percent.
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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 food, and from fast food to 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 driven 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, 74% of urban Chinese now say they participate in sports or other physical activities compared to only about 56% in the United States. 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’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 leaning 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, 77% 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 Kuler, 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 is more “everyday early adopters” than green consumption. Make sure positioning, messaging, 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.

First, be relatable. Relate your messaging back to safety. In a country plagued by scandal, shady 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.

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 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 & Co., Naturals, 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

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.

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 MAUDIEN LORENZ
BUSINESS Cover Story

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 look up to brands’ brands, to connect the brands with emotions.

In China, brand storytelling and connecting with Chinese consumers increasingly happens on China’s social media platforms such as WeChat, Weibo and Douyin. 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 famous 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 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 traditional 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, bathrooms, kitchen 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 bars showing 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 more emerging – 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.

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. Small digitalization: In China, one is perfectly at ease leaving home with – and emerging needs on China’s social media platforms such as WeChat, Weibo and Douyin. 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.

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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 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.

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 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.

We 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.

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.

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. 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.

We are sending out a strong message against the new wave of protectionism that is erecting new trade barriers. Nationalist self-interest 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.

We are the number-one trading partner for 80 countries in the world, and the second-most important for another 40. We want 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.

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.

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 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.

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From left to right: Jürgen Friedrich - CEO of Germany Trade and Invest, Wolfgang Niedermark - Chief Representative of China, He Lifeng - Chairman of the National Development and Reform Commission, Peter Altmaier - Federal Minister for Economic Affairs and Energy, Hubert Lienhart - Chairman of APA, Prime Minister Li Keqiang, Prime Minister Angela Merkel.

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, Prime Minister Li Keqiang, Chancellor Angela Merkel, Minister Peter Altmaier-Federal Minister for Economic Affairs and Energy and Hubert Lienhart - Chairman of APA.
Over the last three decades, this conference has evolved into the largest networking event for German business in Asia. With high-level speakers and up to 1,000 participants from business, associations, and politics, the conference objective is to provoke lively debates on the most pressing topics of our time.
The Digital Revolution Driving China’s Healthcare Sector Reform

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.
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.

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 pharmaceutical 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. IoTH is a network of medical devices that connect automatically with one another 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 above-mentioned 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-functioning.

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 model is ‘Hospital + Internet’, a model initiated by medical institutions, which can be seen as the extension of offline services online. The second model is ‘Internet + Hospital’ – it 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 grassroots 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, whereas grassroots ones improve doctors’ competence 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 Sehnance, Chinese players are also developing domestic products, normally for special surgeries. For example, ‘Tianzhi’ 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.

Television is the Heart of ‘Smart Hospital’ Models

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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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 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-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 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 more expensive. 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.

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

Amid financial deleveraging, economic growth numbers

Tariffs Shadowing Over Still Resilient Growth Numbers

China’s currency plunging amid fears over trade war escalation

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 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 and 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 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 requirements 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.
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 repealed. Foreign investors can now wholly own an entity in China engaged in design, manufacturing and repairation of ships.

- Also fully opened to foreign investment with no shareholding requirement is the aviation manufacturing industry, including cargo aircraft, regional aircraft, utility aircraft, 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 graphitic carbon, deep sea and soil exploration of rare earth and smelting of tungsten have been cancelled.

- In the infrastructure sector, the restrictions on foreign investment in the 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 coastal shipping lines of more than 30,000 tons in vessels of 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 allowed 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.
Deep Cuts
Exploring Industrial Land Use Rights

By BJÄRNE BAUER

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.

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 a 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 met. 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.
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, the revised definition of “beneficial owner” 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 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;
- 10% WHT, if 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 on dividends, the Chinese tax resident must show that the((2018) application is made in good faith and is not primarily for tax avoidance purposes.

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;
2. Tax Residence Certificate issued by the applicant itself. According to PN [2015] No. 60, the following documents have to be provided:
   1. Non-resident Taxpayer Tax Resident Information Statement
   2. Statement on Tax Convention Treatment for Non-resident Taxpayers; and
   3. The “Tax Residence Certificate” issued by the other contracting state (Germany) for the calendar year prior to the filing of the withholding declaration.
3. Substantive business activities;
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 of the beneficial owner status included:
   a. Articles of association, financial statement, records of capital flows, minutes of board of directors, allocation of man-power and material resources, related expenses, functions and risk-taking, royalty contracts, transfer contracts, patent registration certificates and copyright certificates, etc.

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 Information Statement
2. Statement on Tax Convention Treatment for Non-resident Taxpayers; and
3. The Tax Residence Certificate issued by the other contracting state (Germany) for the calendar year prior to the filing of the withholding declaration.

Exception Rules
Three exception rules are available under which shareholders shall be able to prove beneficial ownership, namely:
1. the “Safe-Harbor Rule”
2. the “Same-Country Rule”
3. 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 dividends (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 the 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 status 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 a subsidiary holding company, e.g. in Hong Kong, it may be the case that the Hong Kong company does not fulfill the beneficial ownership status 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 (Applicant Co.) and the Parent Company 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 is actually. 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? 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 different foreign owners? 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.

By ALEXANDER PRAUTZSCH AND SARAH OEMMELN

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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 category data 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. Consequence with the GDPR may require adjustments to a company’s IT-set-up, 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 risk of being subject to the GDPR. Monitoring shall include the tracking of natural persons online to subsequently profile them in an individual manner, 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.

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;
• Of data subjects 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;
• Of data subjects in the EU by a controller or processor not established in the EU, where the processing activities are related to the monitoring of their behavior as far as their behavior takes place within the EU;
• 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 and manner for which any personal data 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;
• A company does not conduct business activities within the EU that can be considered and 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, or a travelling salesperson is unlikely to constitute an “establishment”. The legal form of the establishment, however, is not the sole determinant.

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”, “at” or “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 website or a website of a company located in the PRC) however very likely will not render the GDPR applicable.

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 thereafter. 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:

(i) Lawfulness, Farness 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 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 protection impacts analysis;

(ii) Purpose Limitation: Companies must ensure that only personal information 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;

(iii) Data Minimization: Companies must ensure that only such personal data is collected that is adequate, relevant and limited for the intended purpose, requiring e.g.: Privacy by default/principle by design, removal of unnecessary input fields;

(iv) Accuracy: Companies must ensure to collect accurate personal data and not to alter personal data without data subject, requiring e.g.: Update notices, granting access rights/right to rectification to the data subject;

(v) Storage Limitation: Companies must ensure that data cannot be identified longer than it is required for the purpose for which the personal data are processed, requiring e.g.: Delete/anonymization as an automated process;

(vi) Rights of the Data Subject: Companies must ensure that the data subjects have the right to be informed, to access their data, to correct errors in their data, to oppose processing and to withdraw consent;

(vii) Integrity and Confidentiality: Companies must provide IT systems reflecting the nature/risk level of the collected personal data qualifying as “important business data” as provided in the 2017 PRC Cyber Security Law) does not fall under the realm of the GDPR.

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 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 any company located in a third country that does not comply with the GDPR.

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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. In this case, it raises the question of investigating the shift of companies on pursuing the meaning of more than business.

By DR. XUANWEI CAO

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.

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Let us know if you are interested in joining! morethanamarket@sh.china.ahk.de

**SAVE THE DATE**

Good practices of social engagement will be awarded on 30th May 2019 at the More than a Market Awards.
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.

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West Beijing Rd, Room 801, Huangpu district

Phone: 021-3331-5007

Email: service@greenwavechina.com

WeChat: Greenwave888

Web: greenwavechina.cn

Benefit:

1. 10% off discount on drinking water purifier products.
2. Free simple testing on water and air qualities

Saucepan

Office#, Bldg#, Lane#, No.

Zhenning Road, Shanghai

长宁区镇宁路弄号

Phone: 021-5218 2175

Email: ling@camelhospitality.com.cn

WeChat: saucepan_sh

Web: www.saucepan.co

Benefit: 15% discount on dinner (FULL PRICE FOOD ONLY) from Monday to Thursday nights (not valid for set menus or special rates). Membership card should be presented upon payment.

South & Southwest

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June 2018 became an eventful month for CPC China. Celebrating 25 years of achievements, June 2018 became an eventful month for CPC China. Celebrating 25 years of achievements, the Chinese team was back on its home turf. The summer has arrived and welcoming more citizens to get insight into LEONI Wiring Systems and its business culture.

The Open Day officially started at 9:08 am, along with the lively Chinese traditional South Lion show. Furthermore, the Deputy Secretary of the Party Committee of Tieling City Economic Development Zone, Mr. Chen Fengguo 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.

Mackvision Wins the “Best Enterprise Application” Award

Mackvision CS Technologies Co. Ltd. won the award for “Best Enterprise Application” by Epic Games Inc. The award, delivered on 24th May 2018, recognized Mackvision’s highly regarded, industry-leading capabilities in developing real-time applications for the automotive industry using Epic’s “D元” engine. One of the deciding criteria was the outstanding visual quality, creating reality-like images of cars. The visual capabilities for business users to see fine 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 digitalization 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 showcases the fast-growing Change Management team. The summer has arrived with exciting and positive change!

Mackvision is a China-based digital transformation company that works with some of the world’s leading companies, helping them achieve significant business growth. Mackvision’s experienced team has the knowledge, experience and tools to help companies solve the biggest challenges they face in the digital transformation and business growth space. Mackvision’s team has the skills and resources to help organizations improve their working processes, make better decisions, and improve their bottom lines. Mackvision is one of the first companies in China to offer professional services in digital transformation and business growth.

The exhibited work of Baumform won the BMW Innovation Design Award at the IFF Cologne Kitchen Furniture Fair 2017 for its unique, revolutionary and functional industrial kitchen design. Baumform is a Chinese design and production company that specializes in designing and producing innovative kitchen furniture and accessories. Baumform is known for creating kitchen furniture that is both functional and stylish, combining traditional Chinese design elements with modern materials and techniques. Baumform’s work has been recognized at numerous international design awards, including the BMW Innovation Design Award, and has been featured in leading design publications around the world.

Mackvision’s COO was pleased to announce the appointment of Dr. Timothy Gray MBE as the new Western Co-Principal. Dr. Gray will be joining the firm 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 in Overseas Territories – specifically relating to his advisory of the British curriculum in South Korea. YCIS Beijing is looking forward to seeing how Dr. Gray’s broad experience and passion for education will contribute to the continued success of the school.

Baumform Wins the 2017 “BMK Innovation Design Award”

Yew Chung International School of Beijing Appoints New Co-Principal

Yew Chung has appointed a new Co-Principal, Dr. Gray, to lead the school for 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 in Overseas Territories – specifically relating to his advisory of the British curriculum in South Korea. YCIS Beijing is looking forward to seeing how Dr. Gray’s broad experience and passion for education will contribute to the continued success of the school.

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“Together we can build a better world. This is what I call a triple win. All we have to do is 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 Wanhu Group Signs the Compressor Unit Contract

Recently, Neuman & Esser China and Wanhu 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 Wanhu Group with 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 main production base 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 60th Anniversary

Recently, the DRÄXLMAIER Group celebrated its 60th anniversary. 60 years have passed since the founding by Lisa and Fritz Dräxlmaier Senior on 8th May 1958 – 60 years in which the company in Vilsbiburg, Lower Bavaria, has developed into a globally operating automotive 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.

Hormann New Plant in Shanghai

Hormann in China, located in Changshu Economic Development Zone of Jiangsu Province. The establishment of Hormann Changshu Factory reflects the further strategic layout and expansion of Hormann Group on the Asian market. Meanwhile, it will expand the production capacity of Hormann Group in the Asia-Pacific region and improve the overall operational efficiency of the Group. The first phase of the project covers an area of 60,000 m² and is expected to be put into use in early 2019.

Hololens Demonstration with Know How!

On Thursday, 7th 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

BADER Group and Su-Tong Park signed a strategic cooperation agreement in June 2018. As an interior development partner to International and local automotive OEMs in China, BADER will further on strengthen its role as an interior development partner to international and local automotive OEMs in China.

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

The whole team from Webasto Therm & 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 optimistically for a better business environment.

In April 2018, ELTRA Services Beijing put a new facility to support the business expansion of the Chinese companies 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.
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On 12th 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.
25th April 2018  
Event: Kammerstammtisch Tianjin  
Venue: Drei Kronen 1308 Brauhaus Tianjin  

26th 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  

8th May 2018  
Event: Intern’s Regulars’ Table in Beijing  
Venue: Arrow Factory Brewing  

9th May 2018  
Event: Round Table Real Estate in Beijing  
Topic: Architektur und Unternehmenskultur – Wechselwirkung und Synergie  
Venue: Mercedes me Sanlitun, Beijing  
Speaker: Dr. Stephan Rewolle | Dipl.-Ing. Architect and Associate Partner bei gmp International  

9th 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  

11th May 2018  
Event: Inter-Chamber Business Networking in Shenyang  
Venue: Le Meridien Hotel Shenyang  

17th 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 17th April 2018, the German Chamber of Commerce in 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.

19th 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 Zhengqiu | 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 11th time. On 18th 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 Zhengqiu, 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.

24th April 2018  
Event: Seminar | How to deal with continuous changes?  
Venue: German Centre Beijing  
Speakers: Mr. Michael Treubenbacher | 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  

On 12th May, the German Chamber of Commerce in China - North China invited its members and friends to the 7th German Night at Drei Kronen 1308 Brauhaus 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!
On 18th 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.
On 15th 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.

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 procedures, especially in China?

How can patients benefit from using BJU for their healthcare?
We have implemented some new exciting procedures, especially in China?

What are your short- and long-term objectives, especially in China?
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On 28th June, 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 24th 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 HVBC as well as plans for future expansion. During the following HVBC 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 HVBC production in China. The final presentation of Mr. Armin Führ 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.
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 17th November 2018 at Kempinski Hotel Beijing Lufthansa Center. Ticket sales starts in September!

Save the Date

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 & Managing Performance
Date: 20th-21st 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

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

On 15th 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 GTA, Mr. Schoo worked in the Mergers & Acquisitions Advisory section as 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 Administration from ESCP Europe.

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

As of 1st 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 2nd 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.

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Beijing Training Calendar September - December 2018

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<td>Instructional Techniques for Internal Trainers (CN)</td>
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Wirtschaftsjunioren
Now in Beijing

With a history of 60 years in Germany, the registered association Wirtschaftsjunioren Deutschland (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:

1. Johanna Heinzmann: Project Manager German Chamber of Commerce in China – North China
2. Verena Weinzierl: Founder & CEO HomesickBox Executive Manager Ventum Consulting Foshan Ltd.
3. Yasmine Riechers: Director Operations Sennheiser Greater China
4. Dr. Benjamin Wille-Baumkauff: Head of Mobility Strategy and Mobile Payment Volkswagen Finance (China) Co., Ltd.
5. Jost Bloechl: Senior Associate WZR Beijing

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 25th 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)

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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**Thanks to Our Yearly Sponsors 2018/19**

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**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 client teams and focusing on Taiwanese OEMs (Original Design Manufacturing) such as Quanta, Wistron, and Pegatron, whose designs and decisions are mainly made in Taiwan island, but volume production locateds 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 OEMs 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**

With the appointment of Mr. Jeremy Lin, an experienced client services professional, UNICEPTA’s fast growth is to be further strengthened with his ability to deliver Smart Media 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 intelligence from all news channels (print, online, social media, TV, radio) but also derives analysis 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.

**New Associate Partner in Shanghai**

On 1st July 2018, Mr. Philipp Wilhelm was promoted to Associate Partner. Mr. Wilhelm is a seconded professional from Germany and is responsible for the Assurance and Audit 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 Lu jiazui financial district, has been in China since November 2013 and has successfully lead many international financial projects related to German outbound investments 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.

**Smart Media**

Mr. Wilhelm is a seconded professional from Germany and is responsible for the Assurance and Audit 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 Lu jiazui financial district, has been in China since November 2013 and has successfully lead many international financial projects related to German outbound investments 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.

**New Senior Vice President for StrikoWestfalen**

StrikoWestfalen has appointed Peter Reutter as its new Senior Vice President (SVP). Peter, who joined StrikoWestfalen in 2001, is being promoted to the SVP role following five years as the brand’s Sales Director. A mechanical engineer by trade, Peter has filled several sales positions within StrikoWestfalen, starting in sales support and, since 2013, heading the Europe OEM business as Sales Director.
Nearly 200 attendants—employees, clients, partners, and friends—gathered for a fun and special evening with drinks, food, and live music with Shanghai's amazing skyline in the background.

General Manager of Shanghai United Family Healthcare, Heather Smith awarded “Business Leader of the Year” by IPWS

Heather Smith is the General Manager of the Shanghai Market of United Family Healthcare. She has over 30 years' of health care experience, and leads Shanghai United Family Hospital and Clinics full-service, internationally-accredited facilities with highly qualified medical staff from around the world, to provide comprehensive, integrated healthcare services in a uniquely warm and caring patient and family service-oriented environment 24 hours a day. IPWS (International Professional Women's Society), is a globally influential community of women with diverse professional backgrounds. During the annual IPWS Leadership Summit, Heather was awarded “Business Leader of the Year”. The IPWS Leadership Summit features the Women Leadership Awards, China’s longest-running international award recognizing female leaders who have excelled in their professional fields.

New JRS PHARMA MCC Manufacturing Site in China

JRS PHARMA, member of the global operating JRS Group J. Rettenmaier & Söhne, Germany, has expanded its global market reach with a new microcrystalline cellulose (MCC) manufacturing site in Changzhou, China. JRS Pharma is one of the biggest manufacturers of MCC Binder products in the world. Like all JRS PHARMA manufacturing sites worldwide, the new site of the state facility in Changzhou follows the globally standardized high quality JRS production process, established and driven by the central German in-house process and engineering department. With seven sophisticated manufacturing network sites in Germany, the United States, Finland, India, and now China, JRS PHARMA continues to guarantee maximum supply chain security to its customers on four continents. The new factory provides China and the Asian Pacific Area with a wide range of high-quality MCC binders. The 80,000 m² property integrates also new regional lab and logistics center.

ICUnet Intercultural Consulting Ltd Moves to Puxi

After their first six years in Pudong, Shanghai, ICUnet Intercultural Consulting Ltd has moved to their new Puxi home! The new location is on Wuding Rd.

Joint Forces Between Drees &Sommer China and Bencer Project Management

In May 2018, Drees & Sommer China and Bencer Project Management signed a strategic cooperation agreement across all their business activities. Clients will benefit from the 50-year experience of the German project management specialists of Drees & Sommer with its regional office in Shanghai, as well as the hands-on experience of the successful project and construction management company Bencer with an over ten-year presence in the Chinese market. Additionally, to offer a one-stop service to their customers in China, they have extend their construction project management core business by spatial services in the fields of MEP Design, Structural Engineering, Production Process Planning, Workplace Consulting, and Facility Management Consulting.

Altran Participates in the Alibaba Cloud Ecosystem Partner Program

Altran was presented at Alibaba Cloud Eco-system Summit EMEA 2018 at Station F, Paris on 2nd July 2018. At the Summit, the cloud computing arm of the Alibaba Group, Alibaba Cloud has launched a new EMEA Ecosystem Partner Program to expand its reach in Europe, Middle East, and Africa. Altran is among the leading industry players who were appointed as the primary participants in the EMEA Ecosystem Partner Program to help drive digital transformation in EMEA. The program will focus on the development of digital transformation in targeted vertical industries, talent development, advanced technology innovation and enhancing marketplaces.

IPWES Leadership Summit features the Women Leadership Awards, China's longest-running international award recognizing female leaders who have excelled in their professional fields.

IGF Wins Design Pitch for Newly Launched iF Design Center in Chengdu

IFG was chosen as the designer for the interior space of the new iF Design Center in Chengdu, one of the world's most celebrated and respected design award competitions, originating from Germany. The project will be a landmark for international top design quality within China and is planned to be open to the public by late 2018. IGF’s design vision for this 4,000m², two-story design center reflects IGF’s brand values in a clear, strong and open architecture. The first-floor welcomes visitors with an extensive exhibition area, design store it cafe and acts as a platform for discussion and exchange, while the second floor mainly provides a flexible and inspiring work environment. With strong red color accents, the space can host up to twelve exhibitions in a spacious and innovative atmosphere.

SNIEC Joins the 2018 Global Exhibition CEO

The 2018 Global Exhibition CEO Summit held in Shanghai in 21st – 22nd June. Hundreds of CEOs and entrepreneurs among the most exhibition enterprises both from China and around the world came together to discuss “Belt and Road” strategy and international exhibition industry”, including three main topics as “Belt and Road”. New elements of exhibition industry’s globalization, “Bring in” and “Going global”— China characteristic exhibition industry in the new era, and globalization of exhibition enterprises. All speakers and participants had shared and exchanged their smart minds and shared experience in previous editions, and most of them agreed that Shanghai is one of the most exciting events for our industry leading players, which has built up a bridge between China and Global industry, a networking for discussing our industry future. At the meeting, Mr. Michael Kruppe the General Manager of Shanghai New International Expo Centre made a speech.

Harmony Shanghai presents the 4th International Community Dance Project

“The Four Seasons” – A Dance Explosion!

On Friday, July 8th, 2018, Director General Mr. Michael Kruppe the General Manager of Shanghai New International Expo Centre made a speech.

SNIEC Joins the 2018 Global Exhibition CEO Summit held in Shanghai in 21st – 22nd June. Hundreds of CEOs and entrepreneurs shared and exchanged their smart minds and shared experience in previous editions, and most of them agreed that Shanghai is one of the most exciting events for our industry leading players, which has built up a bridge between China and Global industry, a networking for discussing our industry future. At the meeting, Mr. Michael Kruppe the General Manager of Shanghai New International Expo Centre made a speech.
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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 19th National Congress of the CPC. It comprehensively implements the spirit of the 19th 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.
On 22nd May 2018, the German Chamber of Commerce held a HR Workshop: “Leading through Resistance” in Jing An 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.

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 16th German Business Community - Get Together in Qingdao, which is held every two months.

On 24th May 2018, 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.

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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. Nowadays this is 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.
On 12th June 2018, the German Chamber of Commerce held a Chinese Workshop-Legal & Tax: Focus of Tax Investigation & Tax Investigation Risk Alert following the implementation of the 3rd Golden Tax System. With the implementation of the 3rd 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 3rd 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 points of view 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.

On 21st 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 keynote 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.
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 SNEC 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?
SNEC was set up as a 50/50 JV and opened in 2001. At that time, even ex-Chancellor Schroeder 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 SNEC. Today, all top five global show organizers are in SNEC 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.
On 10th 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 speeches. 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 Wenben 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 guest speaker.

New Project Manager Social Responsibility

In March 2018, Ms. Elisabeth Bauer joined the German Chamber of Commerce in China I 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 1st 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 1st 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.
Training Calendar Shanghai

4th - 6th September Data Management and Analysis with Excel
4th - 6th September Time and Stress Management
5th - 7th September Essential AutoCAD Skills: 2-D Drafting Basics
5th - 7th September Effective Meeting Management
6th - 7th September Managing Emails and Schedules Using Outlook
6th - 7th September Performance Management and Effective Coaching Skills
7th - 9th September Working Smart with PowerPoint
11th - 13th September Basic Management Skills
12th - 14th September German Business Culture
13th - 14th September Controlling in 5 Stages: Stage 1 "Controlling & Controlling"
14th - 16th September ISO 9001:2015 Internal Auditor Course
15th - 17th September Time and Stress Management
17th - 19th September In-Depth Applications of PivotTable
17th - 19th September Essential AutoCAD Skills: 2-D Drafting Intermediate
19th - 21st September Controlling in 5 Stages: Stage 2 "Controlling & Coaching"
19th - 21st September ISO 9001:2015 Internal Auditor Course
20th - 22nd September Working Smart with PowerPoint
20th - 22nd September Strategic Thinking in Digital Disruption Age (VUCA Environment)
22nd - 24th September MS Office Advanced Skills for HR Professionals
22nd - 24th September IATF 16949:2016 Internal Auditor Course
23rd - 25th September MS Excel Advanced Skills for Financial Professionals
26th September Preventive Quality Assurance – Design and Process FMW

For more information on Trade Fairs in China, please contact us directly:
Ms. Dong Wen: Tel. +86 21 3858 5052 | dong.wen@sh.china.ahk.de

“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 strategists reflect 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 is 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 associated employ 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 unnecessary cost and roadblocks in later organizational changes or development.

For more information, please contact:
Miss. Ning Deng | Trade Fairs & Exhibitions
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Regional News

1. Strategically thinking in Digital Disruption Age (VUCA Environment)

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Successful Trade Fair Participation – The Foundation 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 12th June 2018, AHK/GIC Shanghai organized a training entitled ‘From Contacts to Contract’ in the GIC Shanghai office. Experienced exhibition expert, Karla Jürgen 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 Kühler after the training.

A second event was held in Huzhou on 14th 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 Münchener, Fair and Uqbhan gave their professional advice from different perspectives as German exhibition organizer and booth design and construction company. In the afternoon, Ms. Karla Jürgen 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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deng.wen@sh.china.ahk.de | + 86 21 3858 5052
MTWO through a network of experienced processes. RIB is establishing a partner network for construction, operations and maintenance projects. On 14th 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 more 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 Birgir 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.

DENZA 500 Opens First Plateau Public Test Drive in the Industry

On 2nd April, 15 DENZA 500 vehicles drove into 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 Investment Opens New Office In Taiyuan

On 28th June, the branch of Deqi Investments of Oak Garden (CNDE) Holdings GmbH was established in Taiyuan. Oak Garden (CNDE) Holdings GmbH, founded in Birkenfeld, Rheinland-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, Rheinland-Pfalz.

Leihheit 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 achievement of winning the Desay Automotive Award as the No. 1 Service Partner, the Award for Excellence in SMT 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.

ZAMA Opens New Branch Office in Shenzhen

ZAMA has relocated to a better office with better facilities in Shenzhen. The new address is in Room 5, 15th, Yunsong Building, Terra 8 Road, Chongqingnian, Futian District, Shenzhen, China (深 圳 市 福 田 区 车 公 庙 八 路 云 松 大 厦 1505). ZW CPA is a professional advisory firm founded and managed by Thomas Wong and Rosanna Chu, offering a wide array of client-focused, tailor 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.

CW’s New Office in Shenzhen

To cope with the growing business in Shenzhen, 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, 15th, Yunsong Building, Terra 8 Road, Chongqingnian, Futian District, Shenzhen, China. It is a documentary series in production which will be broadcast between October to November this year. During the shoot 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 20,000m2 and will open its doors to boys and girls aged 5-18 in August 2018.

Thanks to Our Yearly Sponsors 2018

BBC Camera Crew Goes to MIS Merchiston International School

On 20th 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 shoot 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 20,000m2 and will open its doors to boys and girls aged 5-18 in August 2018.

Leihheit AG Opens First Chinese Entity Guangzhou Leihheit Trading Co., Ltd.

The Leihheit AG opened its first entity in the PRC. The new company, named Guangzhou Leihheit Trading Co., Ltd. is based in Guangzhou. Leihheit 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. Leihheit Group employs around 1,100 employees, with the registered headquarters of the company in the Nassau, Rheinland-Pfalzregion, Germany.

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, 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. Leihheit Group employs around 1,100 employees, with the registered headquarters of the company in the Nassau, Rheinland-Pfalzregion, Germany.

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Academic Exchange at Schoelly

Schoelly invited Dr. Desai, the inventor of Ultra Mini PNL (UMP), to travel around China for academic exchange from 7th to 14th July. The Schoelly product UPM 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 Shandong 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

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 Lovisetti, who served at the Foshan government for two years as an internal investment promotion expert before joining Dezan Shira.

Shekou International School

Welcome New Head of School

Shekou International School (SIS) is pleased to announce that Mr. Greg Smith has accepted the position as the new SIS Head of School as of 1st August 2018. Greg has dedicated his life to educating young people. After teaching roles in Australia across all primary and secondary school 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 Venture International School. Embracing technology as a great accelerator of learning and productivity, Greg has spent the past two years building a schools company harnessing the power of on-line teacher support and recruitment for international schools.

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 brands 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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Competing in the New Retail Area

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

On 18th 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. Since 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 Yanger Cao, General Manager, Electric, TÜV Rheinland Greater China.

Join Beijer becomes new General Manager of MTU Maintenance Zhuhai

On 17th 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.

Appoints New Executive Chef

Kemptinski Hotel Chengdu Appoints New Executive Chef

Mr. Oliver Buengten has been appointed as Executive Chef at Kemptinski Hotel Chengdu. In his role, he will oversee all the kitchen departments including the four restaurants in the hotel. Furthermore, Mr. Buengten will be rolling out new concepts tailor-made to the renovated meeting facilities. Having led Eckart Wittmann’s Palazzo, culinary events will reach new heights in Chengdu. Mr. Buengten 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.

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

From 16th to 21st July, a high-level business delegation led by Bavarian State Minister of Economic Affairs, Energy and Technology, Mr. Franz Josef Pichler 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 Hellas & Associates, a German consultancy firm based in Munich and Foshan.

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On 10th May, the AHK Guangzhou invited 30 students from Guangdong University of Foreign Studies in their 3rd 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.

On 19th 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.
On 1st 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.

On 8th 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.

On 11th 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. 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.
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.

17th – 27th
June 2018

Shenzhen: Baia Burger Concept Shekou
GC DEALS

Chengdu: Kempinski Hotel
GC DEALS

Fuzhou: Paulaner Bräuhaus
Xiamen: Paulaner Bräuhaus

On 21st 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. Engueiran 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. Jennifer 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!

27th
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 in 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.

28th
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

Discover Germany is a one-day festival event that displays German companies, products, innovation, tourism, education and food. It will take place on 29th September in Guangzhou.

Save the date to join our festival!

Contact us for more information:
Tel: +86 (0)20-8755 2353 ext 217 | Email: chamber@zh.china.ahk.de

In cooperation with:
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 a 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.

For more information please contact:
Suzanne Su, Project Manager Events
+86 (0)755 - 8635 0485 | su.suzanne@gz.china.ahk.de

Save the Dates

Be invited to the International Shopping Festival with Germany as Partner Country in Tianhe Road, Guangzhou from 29th September till 14th October. German Chamber Night at Oktoberfest Chengdu on 14th September. Oktoberfest in Guangzhou will be from 16th till 20th October 2018. Oktoberfest in Shenzhen from 31st October till 4th November 2018. The 2nd HR Summit South China will take place at the 2nd November 2018! More information about the event and registration will follow.

Training Calendar South & Southwest China

Training Calendar Guangzhou
7th September Developing Sales Strategy (CN)
21st September Creative Problem Solving & Decision Making (CN)
10th October Advanced Course of Enterprise Credit Risk Management (CN)
15th October Highly Effective Talent Recruitment and Selection (CN)
8th November Project Management Essentials (CN)
30th November Understanding Germany as A Business Destination (CN)

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

Training Calendar Chengdu
14th September Creative Problem Solving & Decision Making (CN)
5th December Work Slides Designing and Presentation Skill Training (CN)
14th 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 wang.stephanie@gc.gcc-southwestchina.de or +86 20 8755 2353 *225.

YOUR PARTNER IN GREATER CHINA

Market Entry Support for your Business Success in East Asia

As the service provider of the German Chambers of Commerce Worldwide Network (AHK) in Greater China, we support you with your market entry and business development in Greater China and Germany. With more than 250 specialists in Beijing, Shanghai, Guangzhou, Hong Kong, Taipei and Karlsruhe we tailor customized solutions for your business success.

www.china.ahk.de/services
DEinternational is the service unit of the German Chambers of Commerce Worldwide Network.
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 in Kangda International Meishan Health Industrial Park, invested 2.3 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 Meishan precision medicine project. MBB has actively expanded a world-wide innovation platform and dedicated to providing clinical case and patient with a vertical precision medical solution. MBB and OCB have together established MBB-OCB joint laboratories in Oxford, Britain and Meishan, China respectively.

**Medical Innovation Park**

Focusing on medical investment and financing organization with localisation 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.

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**Main Industries**
- Auto Parts
- Equipment Manufacturing
- High-value Food Processing
- Healthcare

**Advantages**
- Advanced Natural Conditions
- Developed Transportation Network
- Abundant & Quality Human Resources
- Attractive Tourist Resort
- Highly Competitive Investment Cost
- Pleasant Working Environment with Complete Infrastructure
- Efficient and Honest Government Services
- Demonstration Area of Fully Connecting to Shanghai

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**Transportation**

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