

CHINA FOCUS

Issue IV / 2019

2019 in Facts and Figures

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The year-end is a time to reflect and be grateful, so this China Focus does both.

After reviewing some of the business topics that kept us and our clients busy (pages 1 and 4), we take a look internally at the achievements and experiences that made this year memorable for Fiducia (pages 2-3). Each milestone we reach is the result of our team's great work and of the inspiration we get from our clients. Supporting you in your ventures

is the key motivation behind our continuous improvement efforts.

We look forward to continue elevating your Greater China business to the next level in the Year of the Rat.



CHINA BUSINESS BUZZWORDS 2019

Ten terms and topics to remember



2B



5G



996



CHINA + 1



CSCS



GBA



LIVE E-COMMERCE



LOW-TIER CITIES



MLPS 2.0



SLASHERS

Explained on page 4



FIDUCIA: OUR YEAR IN REVIEW

We are continuously working to become a better service provider, organisation, and corporate citizen. Here are some facts and figures showing what we achieved in 2019:

1. As a Service Provider



DIGITISATION

- ↑ accuracy
- ↑ efficiency
- ↑ security



The China Consulting team grew impressively from last year thanks to a record number of strategic advisory projects.



For one of our largest projects, we implemented an organisational transformation programme across our client's 26 China units.



Accounting: We are rolling out new software, including leading OCR system ABBYY, to streamline the way we input entries for our accounting clients.



A record number of clients approached us for sales and distribution support in exciting categories including baby care, cosmetics, and chocolate.

STRATEGIC CONSULTING

- ↑ diverse industries
- ↑ project scale
- ↑ S&D experience



Contract Management: With features such as digital signatures and centralised access management, *Laserfiche* helps us handle processes faster and with failsafe security.



2. As an Organisation



Growth: Our teams in Shanghai and Shenzhen moved into larger office spaces to accommodate our growth.



Engagement: *Qualtrics'* employee engagement platform helped us give team members a stronger voice - a crucial part in our journey to become more people-oriented.



Flexibility: We continued to improve workplace flexibility, e.g. by giving all managers the option of working from home once a week.

TEAM FACTS

70%
are female (55%
of managers)

We speak
14
languages and
dialects

1/4
of our mainland
China team have
overseas education

3. As a Corporate Citizen



We continued to support our communities and the environment through our award-winning Fidu-Share programme.

Committed
700+ hours

of volunteering in support of less privileged groups and environmental causes.

Collected
2,500 items

(40 kg) of rubbish during our yearly beach cleanup in Hong Kong.

Ran/walked
500+ km

to support various fund and awareness-raising campaigns across Greater China.

Engaged
18 ambassadors

to drive CSR awareness, involvement and enthusiasm across our four offices.



HONG KONG | Beach Clean-up

Continuing our mission to promote a clean, safe, and healthy Hong Kong, our team collected more than 40 kg of trash on Stanley Beach - from takeaway containers and plastic bottle caps to fragments of construction and industrial materials.



SHENZHEN | 3 km Charity Run

Our competitive Shenzhen team headed out for a "Run-to-Give" to support a charity campaign by the Yao Foundation. The funds raised went towards buying basketball gear and clothing for primary school students in rural areas in China.



SHANGHAI | Tree Planting

Our Shanghai team revisited Changxing Island Country Park for the second consecutive year to support the construction of 30 km² of country park by planting trees. Like tree-planting itself, the park will be a reminder of the beauty in nature and the need to conserve it.



BEIJING | Christmas Charity Sale

Our Beijing team gave back in time and kindness by helping out at a fundraising Christmas Bazaar organised by Roundabout 众爱, a social enterprise that connects individuals and corporations with families in need (e.g. low-income homes with children in need of medical care).

2B

China's tech giants are betting on to-business solutions, locally dubbed '2B', for growth. Tencent, for instance, restructured to focus on 'the industrial internet' (e.g. cloud services) for the next decade. Unlike 2C technologies such as e-commerce and mobile payments, where China leads, 2B tech here still has low penetration - and huge potential!

5G

5G was one of the most talked-about topics of the year - not just because this revolutionary wireless technology is finally becoming a reality (Chinese telecoms rolled out the largest national 5G network in November). It also became a key battlefield in the Sino-US 'tech war' (another buzzword!).

996

The glamour of working for Chinese tech firms started to show cracks when a wave of online criticism against their '996' culture - working 9am to 9pm, six days a week - took hold of social media.

CHINA+1

Escalating trade tensions made it more urgent than ever for companies to expand their sourcing and production beyond China, often to cheaper ASEAN countries. This trend, referred to as "China + 1", was already underway due to China's rising costs, environmental controls, and regulatory hurdles. But, as

with many buzzwords, China + 1 is easier said than done: among our clients, the shift away from China remains a small-scale phenomenon.

CSCS

China's Corporate Social Credit System - a big data enabled scoring system for businesses, scheduled for full roll out in 2020 - caused fear and confusion in the international business community.

GBA

Plans to integrate Hong Kong, Macau and nine Guangdong cities into an economic powerhouse gained traction with the release in February of the Greater Bay Area blueprint. After political unrest broke out in Hong Kong, Beijing has reiterated that GBA plans are still standing.

LIVE E-COMMERCE

Also known as "shoppertainment" or "entertainment", the fusion of online shopping and livestreaming is taking over Chinese e-commerce. Key opinion leaders (KOLs) use their livestream channels to introduce products to their fans, who are able to purchase them then and there. Viya, Taobao's top e-commerce livestreamer, sold a record-breaking US\$50m in one day on October 10th.

LOW-TIER CITIES

Facing market saturation and slowing consumption power in China's first and second tier cities, more companies are pinning their

growth hopes on small-city and rural China. Pinduoduo, the e-commerce platform that became China's fifth largest internet company in 2019 by targeting price-sensitive consumers in low-tier China, has become the poster child for this strategy.

MLPS 2.0

China's Cybersecurity Law, effective since 2017, got more "real" - and more worrying - in 2019 with the rolling out of the Multi-level Protection Scheme (MLPS 2.0) on December 1st. It outlines specific data security obligations that virtually all businesses operating in China have to comply with, e.g. installing government-approved network equipment.

SLASHERS

Good luck if you're still struggling to wrap your head around "gen Z" and the "post-90s generation". There's a new buzzword in China to refer to the younger demographic and their disruptive ways. The "slasher generation" (斜杠青年) refers to the growing trend of having multiple work identities separated by a "/" (e.g. accountant / yoga instructor). According to state-led media outlet Xinhua, China has over 80 million slashers - most of them highly-educated urban millennials. How should your HR department deal with them as employees, and how can you target them as consumers?

BEST OF 2019: MOST-CLICKED CONTENT

Browse through our readers' favourite Fiducia publications for a crash course on current China business topics.



Article | **RETAIL IN CHINA: WHAT SLOWDOWN?**

Find out why many of our clients report the opposite of a "slowdown" and learn about six must-know Chinese online platforms.



Webinar | **CHOOSING YOUR CHINA STRUCTURE**

Should you set up in Hong Kong or mainland? Do you need a WFOE or a Representative Office? Get your answers in this webinar series.



Interview | **ZALANDO: SOURCING IN THE E-COMMERCE ERA**

Zalando's Far East Sourcing Director explains why, for many categories, sourcing is likely to remain in China for the foreseeable future.



Long Read | **ADVERSITY: A TIME FOR TRANSFORMATION**

A global downturn, trade tensions, unrest in Hong Kong - how should China-based business leaders prepare for upcoming headwinds?

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