

Life support zone for innovation

Internationalization strategy seen as way to develop Shandong's high-tech sector

By TANG ZHIHAO
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Established in 1991, Weifang High-Tech Industrial Development Zone has achieved outstanding results in promoting innovation and high-tech industrial upgrading in the past two decades.

However, it took the Shandong-based national development zone a while to get going, according to Chu Baojie, director of communications at Weifang and secretary of the zone's Party Working Committee.

"The zone did not have leading universities and research institutions, and it had some deficiencies in the early days," Chu said. "But we created something from nothing for high-tech industries, and we are now striving to be better connected with global high-tech resources to support innovation in the region."

The zone has established the five pillar industries, namely vehicle and equipment manufacturing, acoustics and optoelectronics, bio-technology, software information and new materials, and there are industrial clusters for smart equipment manufacturing, bio-health and semiconductor luminescence products, all of which have played significant roles in supporting the zone's development. There are also 10 industrial parks such as a software park and bioscience park and 26 provincial-level industrial bases in the region.

There are more than 1,000 technology-driven companies in the zone. Among these, more than 50 companies have an annual output value exceeding 100 million yuan (\$14.97 million).

The value of the development zone's high-tech industrial output in the first half of 2016 was 23.9 billion yuan, up 24.1 percent year-on-year, and fixed asset investment in the zone has increased 13.4 percent year-on-year.

In April 2016, the development zone obtained approval from the central government to upgrade to a national independent innovation demonstration zone.

Innovation platform

Blue Wisdom Valley is the technological hub in the zone. Decision-makers developed a "3+1+N" model to encourage research institutions to work with businesses to develop products based on real market needs.



The three refers to the three incubators in the valley, which are Yanyuan High-Tech Park, supported by Peking University; the CAS (Weifang) Innovation Park and Tuspark Innovation Park supported by Tsinghua University Science Park.

"Weifang is the only city in China apart from Beijing to have three innovation incubators," said Zhang Longjiang, deputy director of the zone's administrative committee.

The one refers to an international innovation support platform jointly developed by the zone and some of the world's leading business incubators.

The N refers to the valley's many development institutions, including the China Academy of Machinery Science and Technology.

Industrial pioneers

Aiming to enhance the vitality of businesses, the zone encourages companies to seek opportunities in overseas markets and attract foreign talents. A fund was established to support companies' global expansion strategies.

Shengrui Transmission Co's front-engine and front-drive 8AT transmission was granted a First Class National Science and Technology Progress Award issued by the Chinese Academy of Sciences on June 30.

The transmission, developed by the company in 2015, is the first of its kind in the world, according to Shengrui. The concept is from Germany, the engineering technology from the United Kingdom and the management skills of Japan. Shengrui is capable of producing 100,000 8AT transmissions annually. The development of the 8AT broke the monopoly of foreign transmission manufacturers in the Chinese market.

GoerTek, a leading electro-acoustic components and electrical accessories solution provider in the zone, acquired a 12.5 percent interest in the smart wearables company Mobvoi Inc in July, 2015.

The company is strengthening its innovation capabili-



A technician assembles a product at Shengrui Transmission Co's 8AT production line. The company in the Weifang High-Tech Industrial Development Zone broke the monopoly in the Chinese market of foreign transmission manufacturers. PHOTOS PROVIDED TO CHINA DAILY

HIGH-TECH ZONE LEADS REGIONAL CREATIVITY AND DEVELOPMENT



78

projects
have broken ground or continued construction in the first half of 2016



36

projects
are up for examination and approval



13.4

percent
increase in investment in fixed assets



24.1

percent
increase in high-tech output value



14

percent
increase in the zone's total industrial output value

ties by establishing research and development centers in countries including Denmark, Finland, South Korea and the United States. Samsung and Apple both use products from GoerTek.

International outlook

"The foundation for innovative technology is people, so the zone strives to attract and retain talent," said Song Chifeng, director of the zone's administrative committee. "We also accelerate commer-

cialization of their research results."

There are 800 apartments provided free to leading talents and startup groups, and there are international schools and high-end healthcare centers to serve international talent.

The zone has a 30-million-yuan compensation fund to encourage financial innovations. The local authority hopes small companies will be able to get more financial support.

Companies in the development zone have established over 100 representative offices, marketing centers, and research and development centers in overseas markets. The number of international trademarks registered by businesses in the zone had reached 721 by the end of August.

The development zone will continue to support innovation and the development of high-tech industries by promoting further internationalization.



... we created something from nothing for high-tech industries ..."

Chu Baojie, director of communications at Weifang and secretary of the zone's Party Working Committee

520m yuan

the amount the development zone plans to invest in 2016 in 30 lifestyle enhancement projects in seven areas, as its first phase

Incubators help nurture startups so they thrive

By ZHUANTI

Virologist Zhang Guohua decided to base his bioscience business in Weifang High-Tech Industrial Development Zone after he visited the public service platform in the Weifang Biomedical Industrial Park in 2011.

Zhang, chairman of the board of MGD Biotech Co, said that the service platform has all the necessary equipment and facilities required to turn research results into reality. For instance, it includes a business accelerator, pilot platform, academic communication center and facilities to attract and retain talent. The zone also provides financing, tax and legal services to companies based on their needs.

The development zone is making a name for itself among high-tech businesses in China for its well-established innovation support.

"Businesses need support in their initial stages. The zone is a well-equipped support platform which can save millions of yuan for startups," Zhang said.

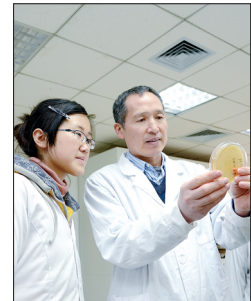
The zone's Weifang Biomedical Industrial Park has 93 businesses in incubation programs, and in the past few years, 32 companies have successfully completed incubation programs. It is also home to 17 large-scale businesses, including Wohua Pharmaceuticals and Top Sunshine Group.

The development zone has four national-level and three provincial-level business incubators to support the development of high-tech companies. Nine technological service platforms have been developed to support industries such as optoelectronic and bio technologies.

Apart from Weifang Biomedical Park, the zone is also home to Blue Wisdom Valley and Software Park Mass Entrepreneurship Space.

"Our goal is to foster leading innovative individuals and companies," said Ma Xiangkun, deputy director of the human resources department of the zone's Party Working Committee.

The local authorities established a talent service office in the Administrative Service Hall of the zone to



Virologist Zhang Guohua (right) observes a sample of probiotics with his assistant.

provide consulting and program application services to talents.

Supporting policies to provide residences, health services and education for their children have been introduced to retain expertise.

"All those are necessary to attract talent," said Hou Peng, director of the talents service office of the zone's human resource department.

The development zone introduced a new talent-support plan in 2016 to provide more financial support to talent.

"We want to strengthen the zone's ability to attract talent with our supporting policies and premium environment for talent development," Ma said.

The zone invested 1.8 billion yuan (\$270 million) to develop a technological financial service park that boasts 147 financial institutions.

The zone has exhibited strong vitality in recent years thanks to such policies.

Overseas expansion reaps rewards for Weichai Group

By ZHUANTI
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Weichai Group, a major manufacturer of engines for heavy-duty trucks and construction machinery in China, hopes overseas investment will support its growth in coming years.

Oversupply has become a major problem for many Chinese heavy-duty truck manufacturers, and the company is looking to overcome the challenge by expanding overseas.

"The most urgent challenge facing China's heavy-duty truck makers is oversupply," said Tan Xuguang, chairman and chief executive officer of Weichai.

In late June, Weichai's German branch company Kion announced plans to acquire US logistics company Dematic for \$2.1 billion, the latest move in Weichai's global strategy.

Tan said the acquisition will help Weichai reduce dependence on domestic government investment projects and promote overseas expansion to relocate its capacity.

"A global network that covers Europe, America, Asia and

Africa will be established after we acquire Dematic," said Tan. "We are confident this can help solve the oversupply problem."

Weichai has made huge inroads into the global market since 2009.

In 2009, Weichai acquired Moteurs Baudouin SA in France. It acquired a 25 percent stake in the world's second-largest forklift maker Kion Group, based in Germany, for 467 million euros (\$522 million) and a 70 percent controlling stake in Kion's subsidiary Linde Hydraulics for 271 million euros in 2012.

"We are expanding in both directions along the industrial chain," Tan said. "Synergy is always a factor that must be considered before we make any purchase."

Tan said Weichai acquired its stake in Kion because Weichai can partner with the latter to support its engine business. Dematic will supplement Kion with its leading software and logistic services.

The investment in Kion is proving to have been a good decision. According to Weichai, overseas income



Workers operate a Kion hydraulics production line. Weichai Holdings Group purchased a 25 percent stake in the company in 2012.

accounted for 57 percent of the group's 100 billion yuan (\$15 billion) total revenue in 2015, with the majority of overseas income from Kion.

However, not every invest-

ment has been so profitable. Weichai purchased a majority stake in Italian yacht maker Ferretti in 2012, but it has only started returning a profit this year.

Xu Hong, Party chief of Weichai, said even though some of its overseas investments have not developed as expected, Weichai had to seek new areas of business.



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Tan Xuguang, chairman and chief executive officer of Weichai

Its strategy seems to be working as Weichai's sales revenue increased 7.1 percent year-on-year to 21.8 billion yuan in the first quarter of this year. The net profit of the company is 760 million yuan, a 50 percent year-on-year increase.