

Weichai breaks ground on new industrial park development

Global leading auto suppliers and manufacturers agree to open production sites in area

By YUAN SHENGGAO

Weichai Group, a leading Chinese heavy-duty truck and components developer, celebrated the groundbreaking of the Weichai International Engine Component Industrial Park in the Weifang Hi-Tech Industrial Development Zone on July 13.

Twenty global leading automotive parts makers, including Germany's Knorr-Bremse and United States' Iyco, have signed agreements to open production sites in the industrial park.

More than 1,300 people including representatives from Weichai's suppliers and local governments attended the ceremony.

The 2,000-hectare industrial park, involving more than 200 billion yuan (\$29.08 billion) in investment, is projected to have more than 500 auto components suppliers engaged in sectors such as hydrogen fuel cells, smart products and electronics. The park will support Weichai's internationalization and East China's Weifang city to become a hub for engine production, according to local officials.

Modern plants, research and development centers, apartments for employees and supportive infrastructure facilities will be set up in the park to better serve businesses. The park will also place a high priority on eco-friendliness, said officials.

According to the Weifang city government, the industrial park will have an annual industrial output value of 500 billion yuan. It will attract more than 100 billion yuan worth of investment from Weichai's suppliers, and the annual tax from these businesses is expected to exceed 30 billion yuan.

The local government has decided to provide all types of support to enterprises in terms of land use, taxation, finance and professionals, among others, to promote development in the industrial park.

Johannes Haeussler, sales director of Wieland Group, one of Weichai's suppliers, said Weichai is a company with strong competitiveness in global markets. Wieland expects to establish a closer partnership with Weichai to enjoy a more flexible products supply model, he said.

Tan Xuguang, chairman of Weichai Group, said that as Weifang is the birthplace of Weichai, it has helped the company turn its dream into reality. In return, Weichai will continue to support Weifang's development in the upcoming years.



A huge Weichai-Baudouin engine displayed at Middle East Electricity 2019 in Dubai in March attracts the attention of global buyers. PROVIDED TO CHINA DAILY



Tan said the industrial park demonstrates the Weifang government's efforts and determination to continuously upgrade its business environment. It also provides Weichai's management with greater responsibilities in terms of supporting the city's development.

He added that Weichai will further support Shandong's efforts in replacing old economic development drivers with new ones, and seek new growth opportunities in areas such as new energy.

Hui Xin'an, Party secretary of Weifang city, said that all related government departments have to learn from Weichai and further improve their working efficiency to better serve companies in the Weifang Hi-Tech Industrial Development



Advanced production facilities are used by Weichai to produce cutting-edge products. PROVIDED TO CHINA DAILY

ment Zone. He hoped companies that agreed to move into Weichai's industrial park are able to accelerate construction so as to launch their operations as quickly as possible.

Weichai Group was originally known as Weifang Diesel Engine Factory when it was established in 1946. It has transformed itself into an international company in recent years, and had an annual sales revenue of 230 billion yuan in 2018.

Statistics from Weichai show that the company has invested more than 15 billion yuan in engine development

in the last 10 years. Its engine R&D input accounted for 40 percent of its total R&D expenditure in 2018, compared with 36 percent in 2017 and 32 percent in 2016.

Ten years of continuous input has yielded great returns for the company, resulting in Weichai controlling the core technology in its powertrain development and it being awarded first prize at the 2018 National Science and Technology Progress Awards for its breakthroughs in commercial vehicle powertrain development and applications, according to the company.



Due to the strong support from the local government and investment companies, the Weichai Hi-Tech Industrial Development Zone is currently a major investment destination in Shandong province for high-tech businesses. PROVIDED TO CHINA DAILY

Favorable policies keep projects on fast track

By YUAN SHENGGAO

An advanced equipment production project partially invested in by Tsinghua Holdings Capital broke ground on June 30 in the Weifang Hi-Tech Industrial Development Zone.

The site is scheduled to start production later this year, according to the investment company.

One of the highlights of the project is that it only took 18 days for investors to announce the groundbreaking after agreements were signed between the zone's government and the investors of the project.

"We did not rush to make decisions, though the time it took to make the final decision was short," said Wang Shaoxiang, from Tsinghua Holdings and who is in charge of the equipment production project.

Wang said the project's operators were well-informed about the development of the Weifang Hi-Tech Industrial Development Zone, which helped them to make a detailed evaluation about the zone according to their investment standards.

"We (Tsinghua Holdings Capital) also compared the zone with many other regions, and we believe it is the most desired investment destination," Wang said.

In recent years, the zone has been working to innovate on its investment attraction model and has been keen to partner with leading investment companies to more effectively identify industrial leaders to support its long-term growth.

Local officials said investment companies are more professional in identifying and evaluating top businesses in industries compared to governments.

After evaluating a series of surveys and studies, the zone established the investment company Weifang Hi-Tech Zone Guochuang Investment to launch a fund of funds, or FOF, to attract investment.

Meanwhile, the zone has cooperated with fund management companies such as China Creation Ventures and Tsinghua Holdings to launch structural funds.

Beijing-based TSC Laser Technology Development is another company attracted to the zone under the new investment attraction model.

The company specializes in 3D printing technology. Its products

Capital investors link a project with the local government. But a lot of preparations in advance are also important for the project."

Hu Jie, general manager of Weifang Hi-Tech Zone Guochuang Investment

are mainly used in fields such as aviation and aerospace. Headquartered in Beijing, the company has branches in Shenyang of Liaoning province, Xi'an of Shaanxi province and Tianjin municipality.

The TSC project in Weifang, which started construction in March, will be put into production at the end of October. Its industrial output value is expected to be more than 20 million yuan (\$2.9 million) in 2019, according to the company.

Wang said he was impressed by the zone's government's working efficiency during their first meeting.

"On that day, all parties involved in the project, including Weifang Hi-Tech Zone Guochuang Investment, Weifang Hi-Tech Innovation and government departments such as urban planning, gathered together to discuss the project," said Wang.

Supported by the zone, the project received initial approval from the local government in only one day, compared with one or two weeks in previous years. Teleconferences and video conferences enabled all project-related personnel to be on call at all times.

Shortly after the groundbreaking ceremony, government departments started a new round of work to ensure construction of the project goes smoothly.

"Capital investors link a project with the local government. But a lot of preparations in advance are also important for the project," said Hu Jie, general manager of Weifang Hi-Tech Zone Guochuang Investment.

According to Hu, though the processing time is shortened, the zone's government still applies strict standards in processing investment applications.



Tax breaks, good management give Weifang enterprises competitive edge

By YUAN SHENGGAO

Shandong Wohua Pharmaceuticals, a leading medicine producer in the Weifang Hi-Tech Industrial Development Zone, and a company committed to developing ready-to-use traditional Chinese medicine and healthcare products, has reported stable growth in recent years.

Wang Jiong, executive vice-president of Wohua Pharmaceuticals, said that the company owns 14 independently developed ready-to-use TCM and healthcare products and has built its own production line to manufacture those products.

"Independently developed products enable us to maintain competitiveness," Wang said.

According to Wang, continuous investment in research and development is the key in promoting a

pharmaceutical company's development, and as such, Wohua Pharmaceuticals has made huge investments in R&D to maintain its competitiveness.

However, increasing R&D costs has meant Wohua Pharmaceuticals has faced a heavy financial burden in recent years, Wang added.

To combat this issue, the development zone introduced a series of cost reduction policies to help Wohua ease its financial pressure in recent years.

"The zone's tax deduction plans have helped us save millions of yuan a year, allowing us to report a strong net profit increase," Wang said. "We have put more capital into new product development and expand production capacity."

Wohua has also invested in smart production facilities to enhance its operational efficiency.

"The zone's tax deduction plans have helped us save millions of yuan a year, allowing us to report a strong net profit increase."

Wang Jiong, executive vice-president of Wohua Pharmaceuticals

Like Wohua Pharmaceuticals, Shandong Huachen Pharmaceutical, also located in the zone, is paying close attention to upgrading and innovation. Huachen reduced its total number of products to offer a

more specialized catalog to its customers.

The company, specializing in veterinary medicine, started operation in 2001, and once supplied 42 types of products.

Its management team vowed to improve quality and develop products of the same quality as that of imported medicines, and so it reduced its products to 13 between 2014 and 2016.

"We stopped producing some products to focus on specific products and lower production costs," said Wang Shaojuan, deputy general manager of Huachen.

Huachen has established an R&D center in the Silicon Valley in the United States to ensure it uses advanced technologies in its production.

Yu Shuo contributed to the story.



A researcher of Wohua Pharmaceuticals conducts tests as part of product development. PROVIDED TO CHINA DAILY