

WELCOME TO CHINA!

UNDERSTANDING THE CHINESE MARKET

SETTING UP YOUR BUSINESS

JOIN THE FRENCH BUSINESS COMMUNITY



1. ACKNOWLEDGMENTS	2
2. THE ECOSYSTEM	3
1. China	3
2. A focus on e-commerce	7
3. To go further	10
2. LA FRENCH TECH IN CHINA	11
1. Shanghai/Hangzhou	11
2. Beijing	14
3. Shenzhen/Hong Kong	17
4. French Institutions	23
3. LEGAL FOCUS	24
1. Setting up a business in China	24
2. Protect your Intellectual Property in China	25
3. The protection of Personal Information in China	27
4. GETTING STARTED IN SHANGHAI	29
1. Recruiting talents, VISAs and Labour Law	29
2. Coworking Spaces, Incubators and Investors	32
5. KEY CONTACTS	34
1. La French Tech Contacts	34
2. Business France contacts	35

1. ACKNOWLEDGMENTS

First and foremost we would like to thank the members of La French Tech for their continuous support and involvement in our projects and/or events!

For the “Chinese Ecosystem” part we would like to thank the team of the Regional Economic Department of Shanghai for providing us with all the up to date relevant information.

A big thank you to ARTEFACT CHINA for delivering the detailed “Focus on e-commerce”, a major industry in China.

We would like to thank Business France China more specifically the Canton and Shanghai antennas directors for the further information and the some of the key contacts provided.

Thank you to the Board Members of La French Tech Shanghai, La French Tech Beijing and La French Tech Hong Kong-Shenzhen for putting together this initiative of a National Welcome Guide.

La French Tech Shanghai would like to thank the members of their Legal Tech Group and eHR Group that provided the all the legal information on how to set up, protect your business and recruit your talents.

Finally would also like to thank our sponsors STMicroelectronics, Virtuos and DMB MBA for allowing us to execute our projects and operations in Shanghai.



2. THE ECOSYSTEM

1. China

A FEW FIGURES

The People's Republic of China is the second world-largest economy. China represents in 2020 around 70% of the GDP of the United States in nominal GDP and almost reaches the nominal GDP of the EU27. It is also the world's most populated country, counting 1.4 billion inhabitants.

Chinese authorities set up five-year plans to lead the economy. These documents give a clear vision about the government's targets. Chinese leaders are looking for added-value industries and growth stabilization.

CHINA'S TECH ECOSYSTEM

1. China is shifting from being « the world's factory » to becoming a global technological leader. China's transition towards digital not only drives the modernization of its production system but also fuels a whole new industry.
2. The Chinese government considers new technologies as a strategic sector. It aims at becoming a global leader, relying on the size of its domestic market which produces a significant amount of accessible and usable data, accounting for 20% of the data available globally.
3. The five-year plans established by the Chinese government are key documents to understand macro-economic orientations. Regarding technology, the focus has been set on big data, connected objects, and artificial intelligence.
4. In order to carry out the ambitious planification, Chinese authorities have launched two major roadmaps: China Manufacturing 2025, aiming at

supporting various sectors including telecommunications, high tech manufacturing and automotive. And the « Internet Plus », program, which completes « Made in China 2025 » plan by fostering the massive adoption of internet along 11 priority axis.

OPPORTUNITIES FOR FRENCH STARTUPS

China is a huge market, full of opportunities, especially in the digital sector. It is also an extremely competitive environment, that requires extensive preparation. To that end, several programs offer start-ups the opportunity for an immersion in China and a discovery of the ecosystem. This is the case of the French Tech Tour China or Impact China, organized by Business France and Bpifrance.

BAT, THE CHINESE GAFA

In 20 years, China has established ecosystems to support innovation in every corners of the country: Beijing, Shanghai & Hangzhou, Shenzhen & Honk-Kong but also more inland, Chengdu. These ecosystems are widely supported by the **BAT: Baidu, Alibaba and Tencent**, a group of Chinese technology giants unparalleled outside the United States.

Their growth is favored by the information control policy of the Chinese government, which blocks access to a great many foreign search engines and social networks (Google, Instagram, Facebook ...). Therefore, the path is made clear for the BAT to access the huge internal market (**989 million Internet users**, with Internet access mainly via mobile devices).

Today, these giants are diversifying and positioning themselves among world leaders in big data, e-commerce and artificial intelligence.

Baidu

1. 1st search engine in China with around 80% market share

2. 4th most visited site in the world
3. many additional platforms such as iQiyi (streaming)

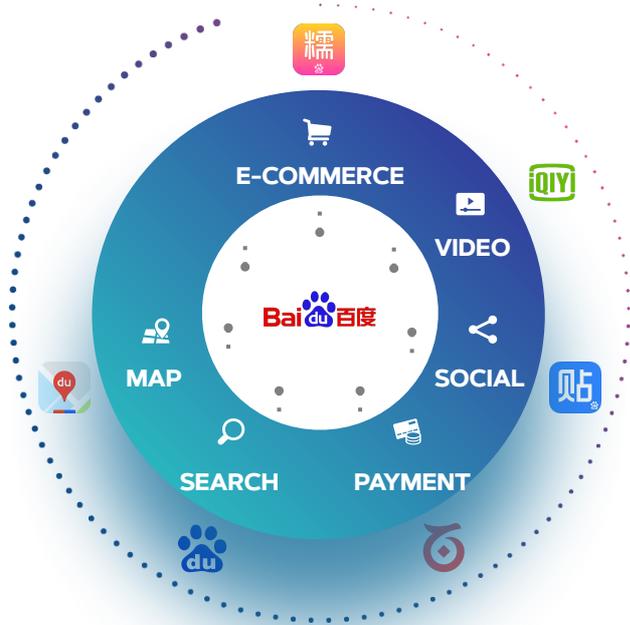
Alibaba

1. e-commerce giant and 1st distributor worldwide since 2016
2. created in 1999 by the influential Jack Ma
3. three platforms: Alibaba (B2B), Taobao (C2C) and Tmall (B2C)
4. Alipay payment system has **1 billion active users**

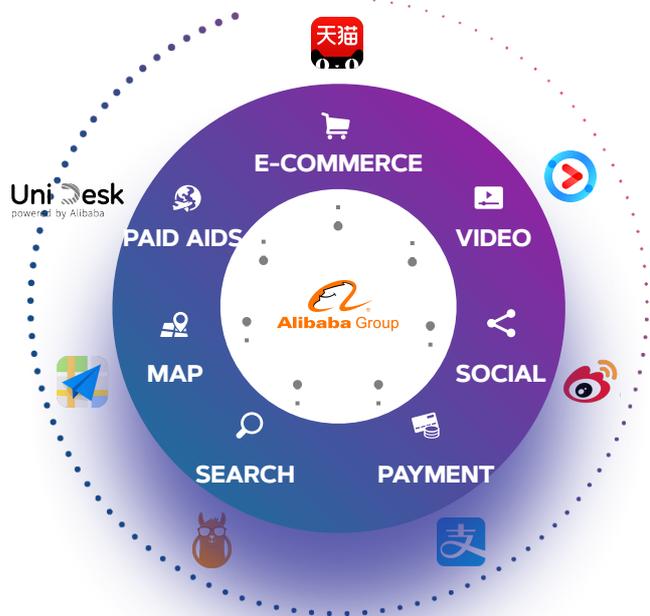
Tencent

1. owner of WeChat all-in-one messaging app (1 billion monthly active users)
2. 1st player globally in the world of gaming
3. WeChat Pay has more than **1,2 billion active users**

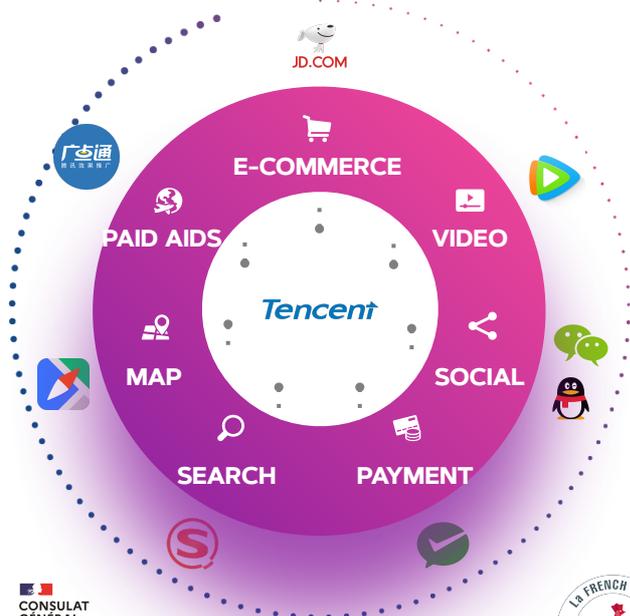
These three giants dominate the digital ecosystem and each of them covers a large extent of the consumer lifecycle.



BAIDU



ALIBABA

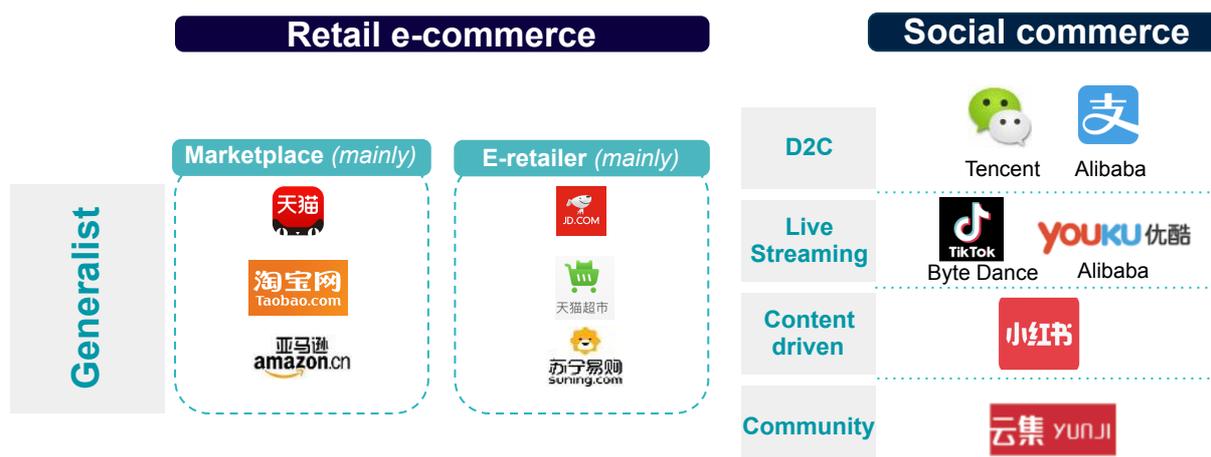


TENCENT

2. A focus on e-commerce

KEY PLATFORMS

China e-commerce environment is very advanced with numerous platforms across retail e-commerce and social commerce



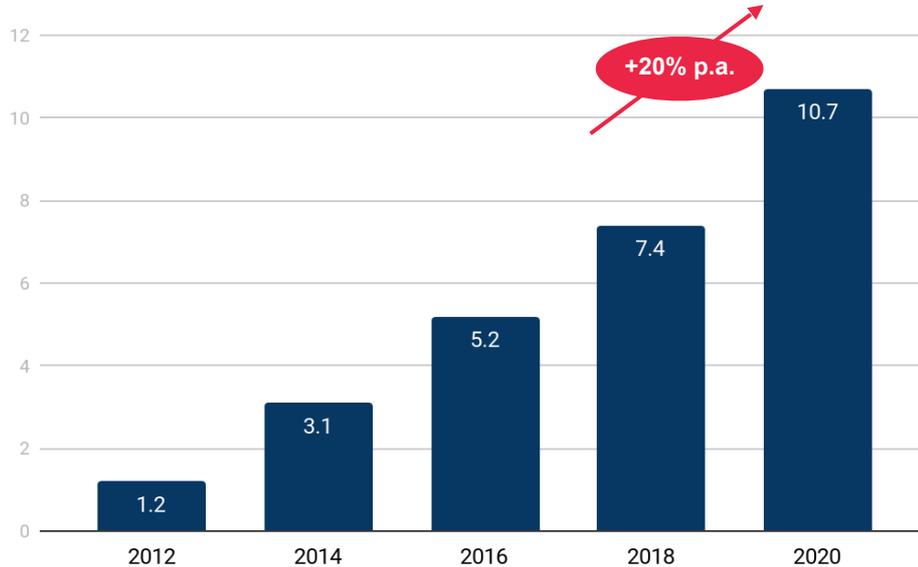
Today the key platforms for e-commerce are Tmall/Taobao and JD, while social media is dominated by Tencent

	E-Commerce		Social	
	天猫 淘宝网 Taobao.com	JD.COM	腾讯	抖音 TikTok
	Alibaba Group	JD.com	Tencent	Bytedance
Total users	711 Mn	362 Mn	1.17 Bn	800 Mn
Daily active users	242 Mn	88 Mn	765 Mn	345 Mn
Time spent per day	22 min	17 mins	82 min	88 min
E-commerce market share	~65%	~25%	<3%	

E-COMMERCE SALES

E-commerce is not a trend anymore, it accounts for >20% of total retail sales and is growing at +20% per year.

China online retail market, GMV1) in Tn RMB



Note: 1) Gross Merchandise Volumes = transaction value of websites
2) China total consumer goods retail sales

Sources: China NBS, Ministry of Commerce, i-Research, CNNIC, Artefact analysis

Key points on e-commerce sales:

1. Online sales account for ~20% of total retail sales (c.f. note 2) in China
2. China's online retail market is larger than the next 10 largest markets in the world combined.
3. Sales on mobile (vs computer) exceed 70% of total online sales
4. New retail and social retail are already changing the online landscape

China’s booming appetite for luxury goods exemplifies potential in digitalization and e-commerce.

With the robust growth in Post-Covid China and the travel restrictions limiting tourism, spending on luxury goods increased by 48% in 2020, compared to a drop of 23% globally, year-on-year figures. China’s online and offline luxury market will continue to become the top priority for most brands.

Millennials and Gen Z represents 84% of consumers in TMall’s luxury market, with Gen Z leading the fastest YoY growth at 33%. Understanding the consumption behavior and preferences of these audiences will be crucial to winning the online battlefield.

69% of luxury consumers will engage both online and offline touch-points in their purchase journey, while only 8% solely shops offline. Omnichannel fulfillment is critical to luxury consumers as they tend to research online at a physical store.

STEPS OF THE CONSUMER JOURNEY



- Ramp up of wechat store
- High flexibility to create “mini apps”



- Expansion to CRM and loyalty programs (including for non purchasers)



- Launch of stores

3. To go further

As part of the export recovery plan, **Team France Export** (operated by Business France) regularly provides briefs and articles on the tech and service sectors in mainland China and Hong Kong SAR through a dedicated website to inform French companies of market trends, regulatory information and players, etc.

<https://www.teamfrance-export.fr/i>

Companies can then click on the region in which they are located for more specific information on certain devices and agenda specific to their region.

In the menu at the top, companies can then go to the section:

"My market information": by clicking on sectoral information - tech - China (example: <https://www.teamfrance-export.fr/iledefrance/mes-infos-marches/tech/chine>) or on sectoral information - tech - Hong Kong RAS (<https://www.teamfrance-export.fr/iledefrance/mes-infos-marches/tech/hong-kong-ras>), the company then has access to a series of briefs and recent articles by sub -tech sector in mainland China and Hong Kong SAR markets.

"My market information": by clicking on target market - tech - Electronics (example: <https://www.teamfrance-export.fr/iledefrance/premiers-conseils/electronique-optique-photonique>), the company will then have access to a map with the so-called priority countries for these market segments. By clicking on China, the company can also download specific (sector) market sheets.

2. LA FRENCH TECH IN CHINA

1. Shanghai/Hangzhou

The Shanghai ecosystem also integrates its neighbor municipalities such as Hangzhou, home of Alibaba. It doesn't have a single tech district, but many special development zones, attracting innovating companies. These zones don't have a defined speciality and propose different advantages. Still, Zhangjiang or CaoHeJing are worth mentioning.

Shanghai is at the heart of the Yangtze River Delta, a region of Eastern China encompassing the provinces of Anhui, Jiangsu and Zhejiang. Accounting for about 24 % of China's GDP and 16 % of the national population (224 Million), the region's GDP is close to the GDP of Germany and the population of Brazil.

The Yangtze River Delta is also one of the most dynamic, innovative and advanced tech scenes of China. Shanghai, Hangzhou, Suzhou, Hefei and Nanjing are key cities in the Yangtze River Delta's tech ecosystem. Shanghai is the second city in the 2019 national ranking for innovation, with more than 1100 AI-specific companies established in the city.

The Yangtze River Delta is especially attractive for foreign trade and foreign investment, representing about 36 % of China's foreign trade (2019) and 39 % of total FDI in China (2018). Shanghai, the financial capital of the Yangtze River Delta, is a stronghold for foreign companies, with competitive tax rates and special free trade zones such as the Shanghai Free Trade Zone (the first established in China). In 2019, 90 700 foreign companies were established in Shanghai, representing 25 % of the city's GDP and 11 % of employment.

3 numbers:

- 99 incubators
- 267.000 university graduates each year
- 70% of the GDP made by the service sector

3 sectors:

- Fin-tech: biggest stock market in mainland China
- E-commerce: home of Alibaba's headquarters
- Medtech

A CORE ASSET: openness

Shanghai has the status of a financial centre with a vibrant cosmopolitan life, home VCs such as Cathay Capital, and corporates such as Pernod Ricard, Michelin, LVMH... The strong representation of foreign communities facilitates exchanges and networking via many associations and events.

La French Tech Shanghai is animated by a steering committee made up of 20 members, they are entrepreneurs, employees of large companies and institutions who meet once a month.

Its mission:

- help French start-ups to make themselves known in China
- bring information and content to French Founders' ecosystem in China
- create and strengthen relationships between Chinese and French tech communities

The French Tech Shanghai gathers its community (4000+ members) around thematic events once per month.

Lots of information is also available in its different WeChat groups (1500+ members).

The Board of la French Tech Shanghai:

MEET THE NEW EXECUTIVE BOARD

Gregory Prudhommeaux

Eric Deltour

Pascal Duriez

Emmanuel Paget

Leonidas Leonidakos

Julie Desné

2. Beijing

Well-known as a major hub for the Chinese tech ecosystem, Beijing benefits from the immediate access to the public authorities, economic decision-makers, most of the unlisted investments funds (public or private) as well as a pool of highly qualified talents from the greatest universities in the country. As an example of this amazing dynamic, Haidian district has overpassed the number of unicorns in the Silicon Valley.

In 2019, Jingjinji (Beijing-Tianjin-Hebei) produced around 8% (US\$1.2 trillion or US\$2.0 trillion in PPP) of China's GDP or around the same size as Spain's GDP, occupying an area about the size of the United Kingdom. Jingjinji has traditionally been involved in heavy industries and manufacturing. Tianjin's strengths have always been in aviation, logistics and shipping. Beijing complements this economic activity with strong petrochemical, education and R&D industries. The area is becoming a significant growth cluster for automobile, electronics, petrochemical sectors, automotive industry, software and aircraft, also attracting foreign investments in manufacturing and health services.

The Chinese central government has made it a priority to integrate all the cities in the Bohai Bay rim and foster economic development. This includes building an advanced communications network, better highways, increased education and scientific resources as well as tapping natural resources off the Bohai rim. In 2016, the Central Government approved a US\$36-billion plan to link the various cities making up this metropolis by rail in order to reduce commute times and to better integrate them. This plan includes the construction of nine railways that are 1,100 km (680 mi) in length that are to be completed by 2020.

A few numbers:

- 108 out of the 281 Chinese unicorns
- 3rd largest startup output in the world
- 10% of worldwide exit value
- 500+ incubators benefiting 23000 firms
- 90+ universities and schools
- 280 research institutions

4 sectors:

- Deep-tech: 1/3 of the country's AI companies
- Corporate services
- Mobility
- Entertainment

A CORE ASSET: Zhongguancun park

The technology park is often compared to Silicon Valley for its concentration of tech players. Currently, there are over 25,000 high-tech enterprises in Zhongguancun employing more than 1.3 million employees including 377 listed companies. The total revenue of the area surged by 9.9 percent year on year to RMB 4 trillion (USD 589.2 billion) in the first eight months of 2020. Some of the largest digital Chinese companies, such as Xiaomi, Didi Chuxing, JD.com or ByteDance (the company behind short-video app TikTok and Douyin) have started with an office in Zhongguancun.

La French Tech Beijing is animated by a board composed of 5 members, they are entrepreneurs and tech enthusiasts who meet once a week.

Its mission:

- Promote the best of the French R&D and Technologies
- Open the doors to French start-ups to the Beijing and China ecosystems
- Maintain a Community of tech professionals coming from a vibrant ecosystem including: startups, international corporates, investors and VCs, universities and public authorities.

The French Tech Beijing regularly brings together the community around thematic events such as the “French Insiders” series, the quarterly “In-dept Knowledge” series and regular “Learning visits” to leading Chinese tech companies. In addition, key issues are being through the working groups such as SporTech, Fintech or IoT, as well as Mentoring and Corporate Innovation working groups.

Lots of information is also available on the internet website and the WeChat group (500 members).

The Board of La French Tech Beijing:

Jean
Dominique
SEVAL



Helena
JAVITTE



Pascal GENTIL



Karim
BERRADA



Alexandre
BOULENGER

3. Shenzhen/Hong Kong

The ecosystem of Hong Kong has developed along two axes: the strong development of its financial sector, and its position as a gateway to mainland China. As for Shenzhen, it is the flagship city of southern China, mainly known for being the headquarters of the Chinese tech giant, Tencent. It is, above all, the city of hardware in China. Both cities are located in a larger dynamic economic zone (including Guangzhou) called Greater Bay Area or GBA.

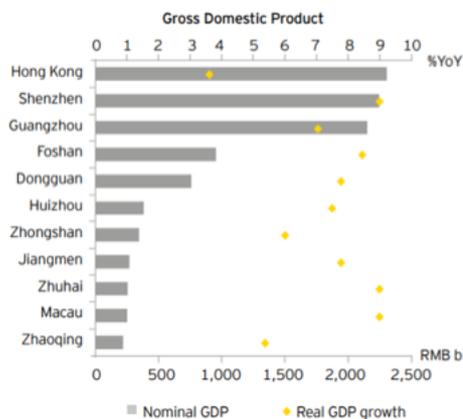
Focus on Greater Bay Area

Greater Bay Area is a regional plan that needs to be included in a more comprehensive plan from the Chinese government.

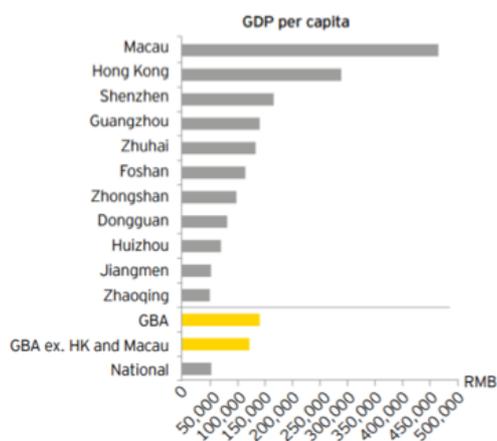
With the 11 cities, GBA can exhibit a combined GDP of US\$1.34 trillion (RMB11 trillion in 2018, growing by 7% YoY) slightly higher than national China GDP growth (6.8%).

GBA accounted for 13% of the total economy, with less than 5% of the total population nationwide (Deloitte, 2019). It's worth noticing that The Greater Bay Area occupies less than 1 per cent of China's land area but contributes to 13 per cent of GDP.

The figures below details the GDP per city and underlined the leadership of Hong Kong, Shenzhen and Guangzhou. It's also worth mentioning that the GDP per capita in the GBA is well above China national average. and is also expected to keep growing in the next years.



GDP per city inside GBA



GDP per capita GBA vs. China average

Shenzhen: Innovation Powerhouse

Shenzhen is already recognized as an innovation house with significant R&D investment – 14.9 US million representing 4% of Shenzhen GDP according to a work report published by the Shenzhen government. The fast development of the Shenzhen innovation ecosystem is mainly due to favourable policies such as the China (Guangdong) Free Trade Pilot Zone approved by the State Council on 31 December 2014. Moreover, the Qianhai & Shekou Area of Shenzhen have also been launched in 2015 and further enforced as a zone that is meant to develop innovation and technology. Numerous policies have been enforced to further facilitate innovation and cross-cooperation in the region such as (HKGov, 2019):

- cross-border Renminbi (RMB) for lending;
- imposition of 15% enterprise income tax for eligible Hong Kong enterprises;
- rebate of personal income tax paid in excess of 15% of taxable income from the Shenzhen municipal government to eligible Hong Kong talents in Qianhai;
- dedicated funding program on innovation and entrepreneurship for eligible Hong Kong enterprises, and funding program for Hong Kong-invested headquarters in Qianhai;

- housing quota for eligible Hong Kong enterprises and talents;
- designation of Qianhai as a pilot area for Hong Kong and Guangdong law firms operating in the form of partnership association;
- pilot housing construction projects in which Hong Kong's construction and related engineering enterprises and professionals are allowed to provide services in Qianhai; and
- an exemption from the employment permit requirement for Taiwan, Hong Kong and Macao residents in Qianhai

This zone has attracted talented start-ups since Shenzhen already concentrates more than 15 Unicorns and generate about half of China global Mainland's international patent filings according to Deloitte report (Deloitte, 2019).

Hong Kong: Financial Powerhouse

Additionally, GBA can also benefit from the international and recognized position that Hong Kong has (HKGov, 2019):

- Hong Kong is ranked third in the World Economic Forum's 2019 Global Competitiveness Report (up four places).
- Hong Kong is recognized by the International Institute for Management Development World Competitiveness Yearbook 2019 as the second most competitive economies in the world
- Hong Kong ranked the third easiest place to do business by the World Bank's Doing Business 2020 Report, up one place from last year

Indeed, Hong Kong main advantage relies on its capacity to link with the rest of the world through its financial impact being the fourth single largest stock market in the world with nearly 2,315 listed companies with a combined market capitalization of HK\$29.9 trillion – US\$3.9 trillion (Deloitte, 2019).

3 numbers:

- 70 out of the 100 global biggest banks have an office in Hong-Kong
- 80% of the global hardware production is made in Shenzhen
- 2nd ecosystem worldwide for its innovation dynamic

2 sectors:

- Fintech: concentration of banking institutions
- Hardware: 80% of the global production

A CORE ASSET : the integrated supply chain

All hardware producers are located in Shenzhen or satellite cities (Dongguan, etc.). This gives the city an advantage over the production lead time: what would take 6 months to get from a production line abroad can only take 1 month in Shenzhen.

The French Tech Shenzhen Hong-Kong is led by a board composed of 15 members who are entrepreneurs and employees of large companies.

Its mission:

- help French start-ups to set up in China and foreign entities to set up operations in France

- connect members to each other within the community, and also within other French Tech communities
- create and strengthen relationships between Chinese and French tech communities

The French Tech Hong Kong / Shenzhen creates thematic events (talk, workshop, connect) and works with many other tech actors to create events gathering the local and international communities. The WeChat and WhatsApp groups, both very active, have 700 members.



1 Tech talks & Tech conferences



- > RISE
 - Tech Night
- > So French So innovative
 - Start up corner
- > Fintech Week
- > Tech talks
 - Startup Launchpad monthly talks
 - Co host events with others community builders

- > Universities
 - HKUST
- > Innovators from different countries, various industries and sectors
- > Thematic conference with start-ups & experts:
 - Blockchain, AI, Insurance
 - Fintech
 - Hardware, IOT [...]

3 Thought leadership



2 Networking

- > Events with Corporates
- > Events with Incubators
 - Cyberport
 - Metta
 - HAX



- French Institutions
- French Chamber of commerce,
 - Consulate
 - Business France
- > Hong Kong Invest



4 Institutional events

The Board of La French Tech Shenzhen/Hong Kong:

Your Board

PRESIDENT



Cecile Israel
Easy Bacchus
#Winetech #AR *SZ*

VICE-PRESIDENT



Elvie Lahournère
Natixis
#Fintech #IoT #Industry4.0 *HK*

COMMUNITY LEAD



Vincent Alliaga
Lan Kwai Fong Group
#BPM #CRM #cats *HK*



Basile Verhulst
Blockdynamics
#IoT #AIOT #SmartGrid *SZ*



Ludovic Le Pen
Omate
#IoT #Wearable #Telecom *SZ*



Xavier Roso
TheCodingMachine
#SaaS #App #RetailTech *HK*



Kevin Masgrau
Balyo
#AutomationAI #Industry4.0 *SZ*



Dominique Getrey
PanamAsia
#fundraising #investor *HK*



Xavier Mathieu
Modwize
#DataScience #AI *MACAU*

4. French Institutions

Business France

Business France is responsible for the international development of French companies, the international investments in France and the economic promotion of France. In China, all teams cover more than 90 professionals in 7 offices (Beijing, Shanghai, Guangzhou, Hong Kong, Chengdu, Wuhan and Shenzhen).

General Consulate of France

The General Consulate of France has an Economic Department, corresponding in China to the General Directorate of the Treasury of the Ministry of Economy, Finance and Recovery. Its mission is to analyze the Chinese economy, public policies, as well as Chinese positions on major international economic issues, and support the international development of French Companies.

Foreign Trade Advisors (CCE)

With nearly 100 men and women from different companies all over China, the CCEs conduct a wakeful action on the "sensitive files" of foreign trade.

They pass on their expertise to companies, especially SMEs, which they sponsor and support voluntarily in their international development.

French Chamber of Commerce (CCIFC)

The CCIFC is the largest network of French companies in the world with 114 chambers in 78 countries - including about 20 in Asia.

Its mission is to support French companies at each stage of their project in China, from the market approach to business transformation.

3. LEGAL FOCUS

1. Setting up a business in China

Foreign investors are allowed to set up foreign-invested enterprises in China, either alone or with Chinese investors (joint-venture), which are considered foreign investment enterprises subject to the Chinese Company Law, unless otherwise provided.

Any foreign investment in China is subject to regulatory approval and registration procedures with the relevant Chinese authorities. It is therefore advisable to refer to the Negative Market Access List of 2020 (specifying the sectors of activity restricted or prohibited to foreign investment in China), the Catalog of Encouraged Industries for Foreign Investments and sectoral regulations, in particular in the telecommunications sector which may be subject to specific restrictions.

A Chinese company can be incorporated with a single legal representative, also assuming the function of executive director, and not necessarily resident in China. However, it is recommended that you first recruit an admin / HR profile that will help you navigate Chinese administrative intricacies, and especially with your bank.

The formalities for setting up a company in China are carried out in Chinese, so it is recommended to use a local contact person who speaks English and / or French. Count around € 7,000 for the procedures, which can take around 20 working days from the filing of the file with the Chinese authorities.

2. Protect your Intellectual Property in China

Intellectual property ("IP") refers to a set of rules aimed at protecting intellectual creations with the aim of encouraging creation and innovation. This protection often takes the form of temporary monopolies, aimed at compensating the rights holder, in return for which the public benefits from the subject matter of those IP rights.

Analysts agree that most of the value of companies is found in IP titles, be it trademarks, patents, "designs" or even copyright.

The importance of these intangible assets in the business world makes their protection a major issue for companies. In addition, the globalization of business makes it mandatory to develop an appropriate IP strategy, local or international.

THE SITUATION IN CHINA

In view of its accession to the WTO (2001), China had to adopt IP rules in record time. Significant progress has been observed in recent years. These developments have been encouraged by the rapid economic and technological development of China, which now has companies with more and more IP titles to protect.

Constant efforts are being made, the administrative and judicial bodies, as well as the rules they apply, are subject to regular reforms. Civil servants also undergo training in order to apply the reforms as effectively as possible, to standardize decisions as much as possible and to benefit from better efficiency.

By way of illustration, the minimum time needed to register a trademark has dropped, in a few years, from 24 months to less than 12 months. There are also courts specializing in IP, and this in response to the complexity of the matter, which requires a certain specialization and expertise on the part of the judges.

GESTURES THAT SAVE

First, identify your IP portfolio in order to understand its scope, and then determine and take appropriate action. In view of the value and the complexity of these assets, it will undoubtedly appear justified to carry out these tasks accompanied by experienced professionals.

Each IP title should be the subject of registration (when this is necessary for the birth of the right in question, for example for patents or trademarks) and / or the constitution of evidence, in order to anticipate any future problems.

IP rights are also complex in that they can benefit from different protections depending on the intended purpose and the IP strategy. It is therefore sometimes wise to consider multiple protection, from different angles, in order to minimize the risk of breach.

Otherwise, the holders of these rights run the risk that their competitors will be able to benefit from their work without compensation. The take-home message might be this: IP in China is moving fast and in the right direction... for companies to take advantage of it.

3. The protection of Personal Information in China

The legal regime for the protection of personal information in China has been constantly evolving since 2012. However, although there is at the national legislative level the Chinese Law on the Protection of Computer Networks (网络安全法), it is necessary to keep in mind that this right is still impacted by the numerous regulations and provisions published by sectoral government regulators; Such as for example the People's Bank of China impacting the financial sector and the Ministry of Industry and Information Technology, online activities. Indeed, French companies setting up in China must pay attention to both national laws and the sectoral rules that govern their activities.

From a general point of view, before any processing of personal information taking place in China, private actors in China must first ensure that the following three cumulative principles are respected:

- 1. Legality:** The processing must not contravene Chinese law. For example, the collection of genetic information by a foreign company in China is against the administrative regulations of the People's Republic of China on Human Genetic Resources. In fact, this processing does not comply with the principle of legality.
- 2. Legitimacy:** The processing must be based on a satisfactory legal basis, in particular the informed consent of the subject of the personal information. Be careful not to apply in China the legal bases that you would have put in place via the General Data Protection Regulation of the European Union. For example, China does not recognize legitimate interest as a valid legal basis for the processing of personal information.

- 3. Necessity:** The processing must be part of a processing purpose and cannot be superfluous. For example, it is not necessary to ask a person if they are in a relationship to send them a newsletter, although this information has no impact on the content of the newsletter.

Before any transfer of personal information from China to France, it is necessary to verify whether the type of personal information can be sent outside China (genetic information is for example subject to further restrictions), if your company is subject to a sectoral obligation of data localization, and finally, in the opposite case, the information and the consent of the subjects of this personal information will be necessary. Note that these restrictions do not apply to personal information that has been previously anonymized.

4. GETTING STARTED IN SHANGHAI

1. Recruiting talents, VISAs and Labour Law

JOB MARKET IN CHINA - AN OVERVIEW

Welcome to a "Talent War"! In China, candidates have options, so think first on how to attract the rights talents for your organization.

Being a foreign company is no longer necessarily an advantage (many top talents prefer to join the big and fast-growing China champions), so work on your HR branding, on what you can genuinely offer.

Money matters, of course, but not only. Make sure the package you offer is in line with the market (salary guides are available online) but be clear on the career path you can offer, the training you will provide, the "room to grow" for the candidates. Work-life balance is a hot topic and consideration as well. Young talents will often prioritize their personal development when choosing their next job.

Look beyond languages: the ability to speak the language (French or English) doesn't guarantee that the candidate will be a strong fit: the working style and culture and foreign companies can significantly vary from local companies and not every candidate is prepared to adapt, or willing to do so. Hard skills are important, sure, but soft skills will make or break a successful collaboration.

Anticipate, and plan ahead: even if the staff turnover is not as high as it used to be, the market is very flexible, so don't be surprised if/when people decide to leave, especially high performers. Work on your retention strategies to avoid that as much as possible, but prepare your succession plans as well – it's usually easier to promote from within, rather than hiring externally, especially when the "standard" notice period is only one month...

WHERE TO LOOK TO RECRUIT?

French Tech Network: each French Tech community has a WeChat group where you can post job offers and review resumes. Get closer to community leaders to be added and showcase your offers in these groups. This will be particularly useful if you are looking for French-speaking talent already present in China

Incubators and special economic zones: these local organizations have official WeChat accounts that present their activities and programs to help companies to set up

Online job boards and portals: an easy and cost-effective way to get access to millions of profiles and resumes. It works usually best for more junior profiles.

Headhunters and recruitment companies: both big players with an international presence or smaller boutique players can provide professional guidance and solutions on key roles

Institutions: many institutions of higher education and research in France have a presence in China and a network of Chinese Alumni. These institutions,

referenced by embassies and chambers, regularly organize trade fairs (Employment Forums, organized by CCIFC, Business Schools, ...)

Work on your branding: rely on “inbound marketing” to develop your employer brand! Organizing and joining events is also a great way to meet talents.

WORK AND LIVE IN CHINA

Labor Rights Protection: the PRC Labor Contract Law well protects the employees’ legal rights, including foreign employees. The Administrative Provisions on Employment of Foreigners in China is the basic rule to regulate the foreigners legally working in China.

In order to legally working in China, you need:

- A labour contract: a fixed-term labour contract, less than 5 years.
- A Work Permit: you can work in China only for the entity which appears in your work permit.
- A residence Permit.

Individual Income Tax: all employees in China need to pay Individual Income Tax (IIT) on their salary income.

Currently, for foreign individuals, the allowances in connection with certain types of costs (e.g. children's school fees, rents etc.) allocated by the employer could be exempted from IIT. However, this preferential regime will stop applying as of January 1st, 2022.

Education: there are many international schools in China, which can offer your children a good education. These international schools adopt a similar education system to their own country. For example: Lycée Français de Shanghai.

Health: in China, this is important for foreigners to subscribe to a private health insurance plan. You can choose state-owned hospitals or private hospitals. The foreigners in China usually prefer to go to private international hospitals. Although private international hospitals are more expensive, they have advantages in the languages and medical equipment.

2. Coworking Spaces, Incubators and Investors

COWORKING SPACES

Like everywhere else in the world, there are more and more co-working spaces in Shanghai. From major brands, like WeWork to more confidential locations, they offer a wide range of services and help building an expanded network. It can be particularly interesting for companies that often- received customers.

INCUBATORS

The government support for the development of new technologies and innovation has generated a boom of start-up and incubators. There are more than 5,000 incubators in China, mainly located in 1st and 2nd tier cities (Beijing, Shanghai, Hangzhou, Chengdu, Tianjin and Chongqing). This is often a good way to get closer to the Chinese ecosystem, as many incubators have public investments.

HOW TO FIND INVESTORS

1. Investment Funds:

- a. More than 10,000 venture capital and private equity firms in China
- b. 50% of the largest investments of 2017 took place in China

2. Accelerators:

- a. Over 55 acceleration programs covering more than 2 million dollars in investments
- b. Located in the leading cities (Beijing, Shanghai, Shenzhen)

3. Business Angels

- a. Encouraged by the Made in China 2025 plan and the 13th Five-Year Plan, start-up creations attract a growing number of Business Angels
- b. Entry tickets are often superior to Europe

4. Corporate Fundings

- a. A growing number of large companies are investing in tech
- b. Investment from major Chinese and French groups in China

5. KEY CONTACTS

1. La French Tech Contacts

Here are presented French lawyers (non-exhaustive list), practicing in French or foreign law firms. This list is provided for information only, it is up to everyone to verify that the lawyers mentioned have the necessary licenses for the exercise of the legal profession in China.

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2. Business France contacts

This list does not claim to be exhaustive. The Business France office strives to disseminate accurate and up-to-date information, and will correct, as far as possible, any errors brought to its attention. As this list changes very regularly, we suggest that you contact Jérôme COUSTANS, Director of Business France Canton and Head of the Tech & Services Department in order to obtain the latest versions of the lists of service providers listed by Business France (jerome.coustans@businessfrance.fr).

Here are presented French lawyers (non-exhaustive list), practicing in French or foreign law firms. This list is provided for information only, it is up to everyone to verify that the lawyers mentioned have the necessary licenses for the exercise of the legal profession in China.

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Consulting firms in industrial property (protection of trademarks, patents, designs) and in the fight against counterfeiting (non-exhaustive list).

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LA FRENCH TECH CHINA



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