

Global China Business Meeting

25-26 November 2012, Riga, Latvia

a Horasis-leadership event

Report





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Global China Business Meeting

25-26 November 2012, Riga, Latvia

a Horasis leadership event

■ Co-hosts:

Government of Latvia

Municipality of Riga

China Federation of Industrial Economics

■ Co-chairs:

Nasir Ali Shah Bukhari	Founder Director, Evolvence Capital, United Arab Emirates
Paul Judge	President, Chartered Institute of Marketing, United Kingdom
Juris Gulbis	Chief Executive Officer, Lattelecom, Latvia
Alan Hassenfeld	Chairman, Hasbro, USA
Huang Nubo	Chairman, Zhongkun Investment Group, China
Anil Kumar	Chief Executive Officer, Ransat, United Kingdom
Lim Chow Kiat	President, GIC Asset Management, Singapore
Liu Changle	Chairman, Phoenix Satellite Television Holdings, Hong Kong SAR
Oki Matsumoto	Chairman and Chief Executive Officer, Monex Group, Japan
Mao Zhenhua	Chairman, China Chengxin Credit Management, China
Yat Siu	Chief Executive Officer, Outblaze, Hong Kong SAR
Sandra Wu	Chief Executive Officer, Japan Asia Group, Japan
Xu Weili	Chairwomen, Touping Group Corporation, China
Zhang Weixiang	President, Jianlong Holding Group Co, China
Vincent Zheng	Managing Partner, Capital First Partners, China
Levin Zhu	Chief Executive Officer, CICC, China

■ Co-organizers:

BTM Institute	International Chamber of Commerce
China Entrepreneur Magazine	Latvian Railway
Freeport of Riga Authority	Lattelecom
Freeport of Ventspils Authority	Young Presidents' Organization (YPO)
	World Eminence Chinese Business Association

■ Strategic Partner:

Baker & McKenzie



The Global China Business Meeting attracted a full house



2012 Global China Business Meeting — the 8th annual Horasis meeting on China in a row

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The 2012 Global China Business Meeting is going to start soon

Foreword

On 25-26 November 2012, the 8th Horasis Global China Business Meeting took place in Riga, Latvia. The event gathered a collective audience of 400 entrepreneurs and government officials. The Meeting was organised by Horasis in partnership with the **Government of Latvia**, the **City of Riga**, and the **China Federation of Industrial Economics**. Informed by the outcomes of the reshuffle of the Chinese political leadership, the meeting engaged participants to provide a holistic and timely perspective on the future direction for China.

The Global China Business Meeting – Horasis’ flagship event on China – brings together eminent leaders – from China and beyond – for an engaging discourse on the current state of the economy, and to evolve a roadmap for leveraging entrepreneurship for growth and development. With this yearly meeting on China, we aim to present an interdisciplinary and systemic view of the major economic, societal and technological drivers currently at work in China and the world. Also, participants engage in various business-to-business meetings on the sidelines of the event.



Andris Berzins, President of the Republic of Latvia – ‘we want to ensure a new global partnership’



Preparing for the ribbon cutting

This report – which builds on the outcome of the meeting – shall add insights on the way forward. When summing up the Global China Business Meeting, this report’s purpose is twofold: first and foremost, its aim is to document the events and debates and to provide a comprehensive overview of the conversations by the business leaders present at the meeting. Second, the report shall unveil the general mood in China and the world, embedding the Global China Business Meeting in the context of today’s most relevant debates.

‘I see China as the main source of optimism in the global economy’

Andris Berzins, President of the Republic of Latvia

The 2012 Global China Business Meeting convened as the global economy appeared to be stalled in stagnation – the global economy is as fragile as it has ever been since the economic crisis began in 2008 – we are not yet out of the danger zone. The meeting set out to highlight China’s economic future against a background of profound global challenges. China is making an important contribution to the world economy – it has been a source of dynamism in a very weak and hesitant global recovery. Europe and the US are both dealing with unprecedented



Opening plenary panel with Latvian Prime Minister Valdis Dombrovskis

debt problems, the financial markets are flailing about wildly, austerity programs are being intensified, prices on commodities are soaring and consumers are highly scared. The sovereign debt crisis continues to spread and deflation pressure will last. Governments, which are already living beyond their means, may struggle to get back on track through extra public spending. **Andris Berzins**, President of the Republic of Latvia, said during the Opening reception of the Global China Business Meeting that ‘– with economic prospects worsening within the OECD-world – I see China as the main source of optimism in the global economy.’ He also said that ‘Europe takes the rise of developing countries as an opportunity, and will cooperate closely with China and other emerging

countries to meet global challenges and establish sustainable partnerships.’

We were honoured by the presence of the CEOs of some of the leading Chinese and global companies to take a forthright look at these challenges, generating a wealth of discussions, proposals, and solutions. The gathering was joined by the following meeting co-chairs: **Nasir Ali Shah Bukhari**, Founder Director, Evolve Capital, United Arab Emirates; **Paul Judge**, President, Chartered Institute of Marketing, United Kingdom; **Juris Gulbis**, Chief Executive Officer, Lattelecom, Latvia; **Alan Hassenfeld**, Chairman, Hasbro, USA; **Huang Nubo**, Chairman, Zhongkun Investment Group, China; **Anil Kumar**, Chief



Lu Yaohua, Executive Vice Chairman, China Federation of Industrial Economics, on global implications of China's transformation



Valdis Dombrovskis, Prime Minister of Latvia

Executive Officer, Ransat, United Kingdom; **Lim Chow Kiat**, President, GIC Asset Management, Singapore; **Liu Changle**, Chairman, Phoenix Satellite Television Holdings, Hong Kong SAR; **Oki Matsumoto**, Chairman and Chief Executive Officer, Monex Group, Japan; **Mao Zhenhua**, Chairman, China Chengxin Credit Management, China; **Yat Siu**, Chief Executive Officer, Outblaze, Hong Kong SAR; **Sandra Wu**, Chief Executive Officer, Japan Asia Group, Japan; **Xu Weili**, Chairwomen, Touping Group Corporation, China; **Zhang Weixiang**, President, Jianlong Holding Group Co, China; **Vincent Zheng**, Managing Partner, Capital First Partners, China; **Levin Zhu**, Chief Executive Officer, CICC, China.

Participants reached consensus that

- China is enjoying a high rate of economic growth as policymakers responded quickly and forcefully to the global economic crisis. Still, Chinese should remain vigilant and continue pursuing a favourable economic environment to sustain scale and scope of economic growth.
- China will take innovation as the main theme and focus on transforming the economic development pattern at a faster pace. Social stability and qualitative economic growth are key.



Daniels Pavluts, Minister of Economics, Latvia — Latvia is going to link China with Northern Europe



Vincent Zheng, Managing Partner, Capital First Partners, China, making a point during the opening plenary

- China and the world need to deepen policy exchanges to share expertise, to learn from one another, and to build co-operative solutions at the global level.

Nils Usakovs, Mayor of Riga, Latvia, welcomed participants during a lavish and colourful opening ceremony held in Riga's famous House of Blackheads. He pointed out how Riga is engaging with China in general and with some of China's cities in particular. He highlighted on-going projects in the area of urban planning, logistics and sustainable energy. 'Riga is delighted to co-host this eighth Global China Business Meeting,' he told participants. 'Riga will serve as important base for Chinese firms to explore the Northern European market.'



Hu Yeshung, Ambassador of China to Latvia

'China and Europe are committed to working closely to promote dialogue and cooperation of the global industries'

Lu Yaohua, Executive Vice Chairman, China Federation of Industrial Economics, China

'China and Europe are committed to working closely to promote dialogue and cooperation of the global industries,' **Lu Yaohua**, Executive Vice Chairman, China Federation of Industrial Economics, China, said during the dinner function. The funda-



Yat Siu, Chief Executive Officer, Outblaze, Hong Kong



Participants gather prior to the opening dinner



Wang Xiuju, Chief Executive Officer, Huaruihuang Investment Guarantee Co.

mentals of the Chinese economy remain strong and, importantly, there is room to ease monetary policy and implement fiscal measures to support domestic demand,' he continued. 'China's rise will be peaceful,' he said. 'The commitment to peace and harmony is deeply rooted within China's traditional culture,' he explained. 'In our time, the trend towards prosperity and globalization is irresistible,' Lu Yaohua underlined, adding that China's status as the world's largest exporter and second largest importer creates opportunities for the world economy.

At the same function, **Daniels Pavluts**, Minister of Economics, Latvia, stressed that 'the Global China Business Meeting will place Latvia as an important point linking China with Northern Europe.' On Europe's current economic woes, the Prime Minister said that 'our approach to restoring economic growth is based on austerity in the short-term, deep reforms to prevent any future crisis in the mid-term, and a long-term growth strategy based on open markets.'

Participants had a rare opportunity to explore China's development from a variety of points of view. An intensive programme

of plenary sessions and boardroom dialogue discussions were devoted to a variety of carefully identified themes, including China's role in the new global governance system. Also on the agenda were sessions on selected industrial sectors, including logistics, financial services and energy, as well as more conceptual themes covering trade and investment, entrepreneurship, branding and technology. 'The panels highlighted China as a new centre of globalization, and provided insights on the best practices in education, social responsibility and philanthropy,' said **Huang Nubo**, Chairman, Zhongkun Investment Group, China.



Kristian Kaas Mortensen, President, Baltic Institute of Corporate Governance, Lithuania



Huang Nubo, Chairman, Zhongkun Investment Group



Wang Jinron, Chairman, Southwest Building Materials (Group) Co., reflecting on secrets of successful Chinese entrepreneurship



Bilateral dialogue between Latvia and China

At the packed opening plenary, **Valdis Dombrovskis**, Prime Minister of Latvia, said that ‘China’s development is an opportunity for the world.’ He reviewed Latvia’s economic relations with China: ‘economic and commercial relations between China and Latvia have been growing steadily. We have to find new avenues to strengthen our working relationship, we need to work together,’ he said. ‘The 21st century is a century of peace and development. And peaceful development is the only way to bring a better future for all,’ he affirmed.

‘China’s development is an opportunity for the world’

*Valdis Dombrovskis,
Prime Minister of the Republic of Latvia*

Yan Heming, Chairman, China National Ship Recycling Association, China, remarked that ‘the slowing world economy has a negative effect on China’s industrial output.’ ‘The euro zone uncertainty colours the outlook for China’s growth, serving as a reminder that serious disruptions like currently in Europe are part of the operating environment Chinese businesses have to be prepared for. Recent market volatility worldwide confirms how integrated the global economy has come,’ added **Lim Chow Kiat**, President, GIC Asset Management, Singapore.

‘Recent market volatility worldwide confirms how integrated the global economy has come’

*Lim Chow Kiat, President,
GIC Asset Management, Singapore*

Juris Gulbis, Chief Executive Officer, Lattelecom, Latvia feared that ‘the biggest risk to China is a global recession leading to a steep fall in demand for the country’s services and products.’ China may not be alone in this slowdown. ‘There is a more general worry that the grouping of emerging countries known as the BRICS nations – Brazil, Russia, India, China and South Africa – has lost some of its previous momentum,’ stressed **Charles Tang**, Chairman, Brazil-China Chamber of Commerce & Industry, Brazil. ‘If growth has slowed recently, this cooling is welcome, as it has helped bring inflation down to a more comfortable level,’ pinpointed **Alan Hassenfeld**, Chairman, Hasbro, USA.

‘If growth has slowed recently, this cooling is welcome, as it has helped bring inflation down to a more comfortable level’

Alan Hassenfeld, Chairman, Hasbro, USA



Yan Heming, Chairman,
China National Ship Recycling
Association



Imants Sarmulis,
Chief Executive Officer, Ventspils
Free Port Authority, Latvia

China’s ability to resist inflation is strong. Recently, after a series of measures to



Paul Judge, President, Chartered Institute of Marketing, United Kingdom makes a point during the closing plenary whereas Yat Sui looks on



Anil Kumar, Chief Executive Officer, Ransat, United Kingdom, speaking about globalization

stabilize commodity prices by the State Council were released, obvious positive reactions were apparent in the market. According to **Anson Chan**, Chairman, Bonds Group of Companies, Hong Kong SAR, 'domestic consumption needs now to assume an even larger role in driving growth. And that needs to happen sooner rather than later or tensions in the current growth path will become increasingly evident,' 'In this context, I welcome that China's 12th Five Year Plan emphasizes the objective of shifting toward consumption-led growth,'



Anson Chan, Chairman, Bonds Group of Companies, Hong Kong

said **Sir Paul Judge**, President, Chartered Institute of Marketing, United Kingdom.

'It is important to recall that China's remarkable economic transformation was not the result of happenstance. It was born out of a vision'

Mao Zenhua, Chairman,
China Chengxin Credit Management, China

John Quelch, Dean, CEIBS, China noted that although the West's perception about



Süheyl Baybali, Board Member,
Turkish Association of Automotive
Parts Manufacturers



Reception at the House of Blackheads



Sandra Wu, Chief Executive Officer, Japan Asia Group, Japan — differences in language are a common reason for a lack in execution



Juris Gulbis, Chief Executive Officer, Lattelecom, Latvia, on the world economic outlook

China is improving, there are still misconceptions. He urged Europe to strengthen its understanding of China as ‘an important step to reduce a deficit in understanding’ between China and Europe. ‘It is important to recall that China’s remarkable economic transformation was not the result of happenstance. It was born out of a vision — a far-sighted strategy to open up the Chinese economy, to develop deeper global trade and investment ties, and to connect with the rest of the world,’ added **Mao Zhenhua**, Chairman, China Chengxin Credit Management, China.

In recent years, the Chinese government has been concerned about transitioning out of the current mode of economic development,



Charles Tang, Chairman, Brazil-China Chamber of Commerce & Industry, Brazil, on new models of growth

stressing that the key was to maintain fast economic development with an accelerated transition for economic development model. ‘In this way, transition and development shall promote each other,’ urged **Liu Changle**, Chairman, Phoenix Satellite Television Holdings, Hong Kong SAR.

Transition and development shall promote each other’

Liu Changle, Chairman, Phoenix Satellite Television Holdings, Hong Kong SAR

The global economy has not even completely recovered from the economic crisis, yet the world must face challenges like pollution and climate change. China’s 12th Five Year Plan sets out ambitious intentions for advancing a more balanced domestic economy, dubbed by out-going Premier Wen Jiabao’s characterization of the current economic model as unstable and unsustainable. ‘Evidence of the seriousness of China’s stance includes its commitment over the plan period to substantially invest in environmental protection,’ said **Michael A. Johnson**, Chief Executive Officer, Kokoda Capital Group, Australia. **Wang De**, Chairman, Huatong New Energy Co., China, observed that ‘the decision to refocus not just on the level of growth, but on the quality of growth and on how it can benefit the entire population is the right one.’



Michael A. Johnson, Chief Executive Officer, Kokoda Capital Group, Australia



Stacy Kenworthy, Chief Executive Officer, OptiGlobal, USA



The international media gathers to cover the welcome speeches



Intervention by Thomas Sevcik, Chief Executive Officer, Arthesia, Switzerland



Adnan Akfirat, President, TUCEM, Turkey

‘Certainly there is anecdotal evidence of poor, social and environmental practice, including amongst self-declared sustainability leaders,’ revealed **Wu Rongshan**, Chief Executive Officer, Shengshe Sanhe Tea Industry Co., China. Highly visible cases include most recently the bad working conditions in Apple’s main supplier, Foxconn, and the case of Sanlu Dairy which sold tainted milk that killed several children and sickened thousands more. ‘China’s success, indeed very survival, depends on its will to qualitatively transform its economy,’ reckoned **Wang Bingqiang**, Chairman, Tianheng Chemical Fiber Co., China. State policy will be crucial in driving forward more responsible business behavior and the greening of investment and global value chains. According to **Zhang Xingsheng**, Managing Director, The Nature Conservancy China, China, ‘improvements on China’s sustainability records are crucial as China’s burgeoning outward investment seeks legitimacy, access and success. ‘But it will also be important domestically, as the state allows seeks to harness the forces of civil regulation,’ surmised **Stacy Kenworthy**, Chief Executive Officer, OptiGlobal, USA.



Jason L. Ma, Founder and Chief Executive Officer, ThreeEQ, USA

On currencies, participants engaged in a candid and open discussion. **Anil Kumar**, Chief Executive Officer, Ransat, United Kingdom, called for a stronger and more

flexible exchange rate of the renminbi; **Oki Matsumoto**, Chairman and Chief Executive Officer, Monex Group, Japan, added that a more effective liquidity and monetary management might be useful. ‘Flexible deposit and lending rates, and finally opening up the capital account will help to tackle local and global imbalances,’ commented **Maja Bacovic**, Professor, University of Montenegro, Montenegro. ‘Against this backdrop, I see no reason for the renminbi not to reach the status of an international reserve currency and occupy a position on par with China’s economic size,’ concluded **Maris Mancinskis**, Chief Executive Officer, Swedbank Latvia, Latvia.



Mao Zhenhua, Chairman, China Chengxin Credit Management – ‘China’s economic transformation was born out of a vision’

The Global China Business Meeting also put a spotlight on China's dynamic private sector and the talent within, as well as the new challenges and opportunities for foreign companies operating in China. 'Successive waves of reforms have enhanced the importance of the private sector in the Chinese economy,' argued **He Zhenhong**, President, China Entrepreneur Magazine, China. In 2011, more than 75 percent of the country's industrial profits were created by private enterprises. Boosting the private sector will be an effective way to raise the country's manufacturing productivity,' pondered **Jason L. Ma**, Founder and Chief Executive Officer, ThreeEQ, USA. 'At a time when China is striving to shift from low-end to high-end manufacturing developing the private sector will provide a driving force for innovation,' acknowledged **Adnan Akfirat**, President, TUCEM, Turkey.

As China's rapid economic growth and mass-scale urbanization drive up labour costs, manufacturers must consider shifting production inland. **Xu Xiaoping**, Founder, ZhenFund, China, pointed to trends that suggest that as China's manufacturing moves inland, coastal regions must adapt to a services industry. The rise of China's service-sector output signals that the sector continues to offset slowing manufacturing activity,' mentioned **Roger King**, Member of the Supervisory Board, Orient Overseas (Int.), Hong Kong SAR.



The Latvian Prime Minister receiving a gift from the Chinese delegation

Participants tried to find answers to these looming questions by highlighting the crucial role played by innovation and creativity for laying the foundations for sustainable growth. **Rong Jianying**, Secretary General, China Federation of Industrial Economics, China, pointed out that 'innovation at all levels of economic activity is the key element of the new Chinese growth model.' Progress has been impressive in many areas; for example, spending on research and development (R&D) surged to nearly 2% of GDP, making China the second country in the world by total R&D spending. 'Chinese firms have to continue their quest for innovation excellence and make innovation part of their success,' pinpointed **Henry Birdseye Weil**, Professor, Sloan School of Management MIT, USA. He also urged Chinese firms to focus on attracting global talent to make this transition happen. **Joachim Reidiess**,



Joachim Reidiess, President, Dr. Wirth Group, Germany



Chinese and Latvian authorities gather for a group photo



Wu Rongshan, Chief Executive Officer, Shengshe Sanhe Tea Industry Co.



Chairman Lu Yaohua speaking on behalf of the China Federation of Industrial Economics

President, Dr. Wirth Group, Germany, juxtaposed that ‘China’s efforts to promote R&D need to be mirrored by the enforcement of intellectual property rights protection.’



Wayne W. Wang, Chairman, CDP Group, China

China is now not only a key destination of foreign investment, but Chinese companies have themselves also become major international investors increasingly looking beyond Chinese borders – Chinese outbound acquisitions have steadily gained momentum in the last years. China is now the fourth largest source of international mergers and acquisitions, accounting for around 7% of the world’s total. The energy sector was the most targeted area by Chinese acquirers with a volume of close \$30 billion in the first 11 months of 2012. Activity in the sector was boosted by the \$18.2 billion acquisition of the Canadian oil major Nexen by CNOOC. ‘The future of outbound acquisitions looks bright for Chinese firms. With lower valuations of potential targets in North America and Europe there is great scope for Chinese firms to strike major deals,’ said **Peter Chen**, Chief Executive Officer, VOLK Flow Controls, USA. ‘Historically, Chinese firms looked at American companies as targets. However, the trend is fast changing with more and more European companies being approached by Chinese firms looking for established brand and quality products,’ suggested **Przemyslaw Aleksander Schmidt**, Chairman, Trigon,



Luo Keren, Dean, Institute of Overseas Chinese Studies, Huaqiao University

Poland. German companies, in particular, are on the list of cash-rich firms – recent deals include Putzmeister’s acquisition by Sany Heavy Industry, a landmark acquisition. ‘I see many more deals to follow,’ said **Boris Levin**, Founder and Managing Partner, Stargate Capital, Germany.

‘Leading Chinese firms have been growing rapidly outside the Chinese domestic market. They now need to protect their local value while simultaneously using cross-border synergies and increasing scale,’ reasoned **Zhao Shumin**, Chairman, Black Sea Horizon Investment Holdings, China. **Wayne W. Wang**, Chairman, CDP Group, China, suggested that ‘Chinese executives should choose carefully among a range of organizational options from outright centralization to full localization and counter the ensuing complexity by defining key roles carefully, clustering activities in regional groups, and selectively introducing a common corporate culture.’

Key emerging economies, such as in Africa and Latin America, are becoming important destinations for Chinese firms investing abroad. ‘We have started to integrate global markets, human resources, capital, brands, technology, and raw materials into our existing operations,’ believed **Wang Meng**, Chairman, Liya Engineering Technology,



‘Improvements on China’s sustainability records are crucial’ – Zhang Xingsheng, Managing Director, The Nature Conservancy China



Alan Hassenfeld, Chairman, Hasbro, USA – ‘If growth has slowed recently, this cooling is welcome’



‘Transition and development shall promote each other’ – Liu Changle, Chairman, Phoenix Satellite Television Holdings

China. ‘As Chinese firms get bigger, they need to start thinking about global positioning, and more and more, they are seeing foreign markets as more than just places to trade their products and services – they are establishing R&D facilities, manufacturing sites and hiring local talent,’ held **Faisal Hoque**, Founder & Chief Executive Officer, BTM Corporation, USA.

During the panel on the future of capitalism, **Lulu Zhou**, President, Friendship Across Frontier, China, believed that ‘Chinese companies are starting to embrace and dominate the globalization agenda.’ **Yat Siu**, Chief Executive Officer, Outblaze, Hong Kong SAR, stressed that ‘globalization will be China’s immediate move’, adding that China



Nils Usakovs, Mayor of Riga, welcoming participants

has transformed from being a centre of manufacturing to a centre of consumption. **Sandra Wu**, Chief Executive Officer, Japan Asia Group, Japan, believed that – relative to their global counterparts – most Chinese companies have only just begun the process of global integration. Execution has been a barrier so far – differences in language and culture are common reasons for a lack in execution. Unclear accountability and a shortage of managers with international experience can hinder execution as well. ‘Chinese business leaders have to be sensitive to their surroundings and be able to adapt and adjust,’ worried **Katarzyna Nawrot**, Assistant Professor, Poznan University of Economics, Poland. ‘These days many Chinese firms – private or state-owned – are increasingly staffed with smart executives with international vision. They know what they do. Many of those acquisitions are going to be successful,’ surmised **Steven Feng**, Managing Partner, Sapientia Capital Partners, China.

‘Most Chinese companies have only just begun the process of global integration’

Sandra Wu, Chief Executive Officer, Japan Asia Group, Japan

Some Chinese firms have encountered various difficulties with direct investment in the US and Europe. According to **Luo Keren**,



Bob Li, Senior Research Fellow, China Institute of Strategy and Management Research



Annie Zhan, Chief Executive Officer, SkyBridge, China



Luan Zhihao, General Manager, Buddha Water Environmental Technologies



Jerry Wirth, Chairman, Foreign Investors' Council in Latvia (FICIL)



Hellen Song, General Manager, La China Capital, sharing her views on competitiveness for long-term growth

Dean, Institute of Overseas Chinese Studies, Huaqiao University, China, 'a certain lack of political trust at the governmental level caused to treat trade as issue of geo-political importance. Some Western firms view Chinese investments with prejudice and suspicion – hence the lack of mutual understanding.' Many Chinese firms are inexperienced on the public relations front, and their investment strategies are immature. They are relative novices in the rough and tumble market economy, not savvy enough about regulations and insufficiently aware of risk. 'They should do their homework thoroughly and take a comprehensive approach,' conveyed **Luan Zhihao**, General Manager, Buddha Water Environmental Technologies, China.



Anthony Chan, Executive Committee Member, International Chamber of Commerce

active promotion of its business interests overseas, maybe by using events like the Global China Business Meeting, to tell the kind of good things happening in the country,' **Jacques Tourel**, President, World Trade Centre Warsaw, Poland, asked for boldly.

The complexity of supply chains in China is relatively high. 'Wherein lies the Chinese logistics sector's Achilles heel?' asked **Anthony Chan**, Executive Committee Member, International Chamber of Commerce Hong Kong, Hong Kong SAR. How can China benefit from supply chains offered by its global trading partners? And how can companies find qualified Chinese suppliers in an environment of cost-cutting and weak logistics infrastructure? As multi-



Zdzislaw Sokal, Member of the Board, National Bank of Poland

Ambitious Chinese firms want to become branded players in developed markets. Panelists reasoned what it will take to establish brand awareness overseas and how to build sustainable brands. Participants agreed that – relative to their global counterparts – most Chinese firms have only just begun the process of global integration, building widely acknowledged brands. 'China has so far come up only with a few truly international brands,' alleged **Annie Zhan**, Chief Executive Officer, SkyBridge, China. 'What China as a country in general and Chinese firms in particular should do more is very



Xu Weili, Chairwomen, Touping, China and Oki Matsumoto, Chairman, Monex Group, Japan



Networking lunch – an opportunity to share ideas and insights in an informal setting.

national companies expand in China and local firms scale up, a key challenge is to develop and manage a sustainable supply chain in a rapidly changing economy. Learning how to leverage global value chains will not only help Chinese firms expand abroad but will also boost their standing in the domestic market, where they compete with Multinationals,' pinpointed **Bob Li**, Senior Research Fellow, China Institute of Strategy and Management Research, China. 'Chinese firms are beginning to see that it is not just about managing operations well and reducing cost, but it also means working well with upstream and downstream partners,' said **Ho Punyu**, Managing Partner, Wabash Investment, USA.



Roger King, Member of the Supervisory Board, Orient Overseas, Hong Kong, gives his views on shipping

Financial services in China have reached a global level-playing field. 'What should domestic and foreign firms do to thrive in this strategic environment?' asked **Zdzislaw Sokal**, Member of the Board, National Bank of Poland, Poland. **Timothy Beardson**, Chairman, Albert Place Holdings, Hong Kong SAR, emphasized that the demand for banking services, especially retail banking, mortgages and investment services is expected to be strong. 'One may expect mergers, takeovers, and asset sales,' he said. 'Our goal should be to ensure that China's financial system works to support economic growth – it should be open and innovative. It should ensure that everyone has access to credit to help boost consumption, support smaller enterprises, and create jobs. Risks must be scrutinized and managed, so as not to threaten financial stability,' maintained **Jochum Haakma**, Chairman, Netherlands Council for Trade Promotion, The Netherlands.

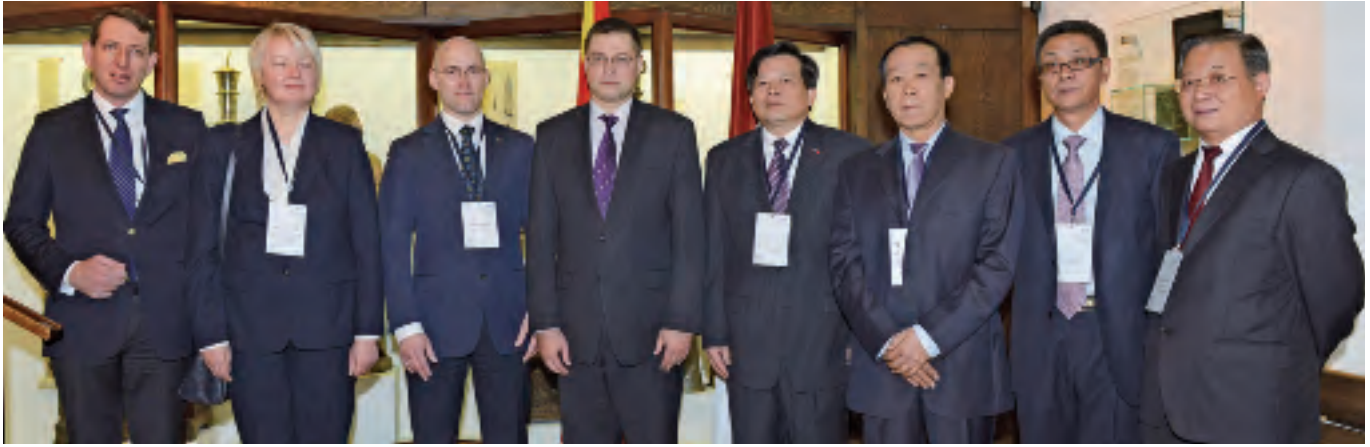
'This meeting is a chance to know how we work here in Latvia. It is also a good opportunity for Chinese firms to get to know potential partner firms in order to establish their regional subsidiaries here,' said **Artis Kampars**, Chairman, Latvia China Business Council, Latvia. The event will 'place Riga as an important point linking China with Europe,' summarized **Leonids Loginovs**,



Nasir Ali Shah Bukhari, Founder Director, Evolvence Capital, United Arab Emirates



Steve Varsano, Chairman, The Jet Buisness, USA



Prime Minister Valdis Dombrovskis meeting with members of the Chinese delegation

Chief Executive Officer, Freeport of Riga, Latvia.

‘The panels highlighted China as a new centre of globalization, and provided insights on the best practices in education, social responsibility and philanthropy’

Huang Nubo, Chairman, Zhongkun Investment Group, China



Mo Fan, Chairman, YOUDE Energy-Saving Tech Development Co.

Announcing the 2012 Chinese Business Leaders of the Year, Horasis – together with our strategic partner Baker & McKenzie – celebrated three outstanding entrepreneurs who have been building and leading successful Chinese firms: **Huang Nubo**, Chairman, Zhongkun Investment Group; **Liu Changle**, Chairman, Phoenix Satellite Television Holdings; and **Mao Zhenhua**, Chairman, China Chengxin Credit Management. We recognized and honoured those business leaders as they excel in entrepreneurship, innovation and leadership. ‘The chosen leaders have decisively impacted the economic development and global integration of China,’ said **Thomas Gilles**, Partner, Baker & McKenzie, Germany, who announced the award winners during a special plenary.



Wang Shuchun, Chairwoman, Tiancheng Real Estate Development Co.

At the close of the meeting, a panel of business leaders called for a ‘sustainable globalization’. As globalization goes deeper and deeper, the degree of interdependence between countries has grown, as has the need to cooperate for the common good. ‘As the second-largest economy in the world China is increasingly integrated into the global economy. During the process of globalization, economies will certainly affect one another,’ said **Xu Weili**, Chairwomen, Touping Group Corporation, China. Participants were candid about the priorities China must pursue. When reflecting on the take-away ideas from the meeting, participants called for fundamental shifts in business models to address the need for sustainable globalization. ‘This meeting is an



Lim Chow Kiat, President, GIC Asset Management, Singapore – ‘Recent market volatility worldwide confirms how integrated the global economy has come’



Cai Shiyin, Chief Executive Officer, Dialogue In the Dark, China



Lou Marinoff, Professor of Philosophy, The City College of New York, hosting the panel on capitalism

opportunity to celebrate China's progress and applaud the many good policy actions behind that progress. And, as we look ahead, the actions and policies towards sustainable globalization provide the key to a more prosperous future for China,' said **Nasir Ali Shah Bukhari**, Founder Director, Evolve Capital, United Arab Emirates.

Capitalism must be embedded in the social, environmental, political, and financial systems with which it is intertwined'

Lou Marinoff, Professor of Philosophy, The City College of New York, USA

The meeting ended on a note of optimism and called for a strong collaboration be-

tween private and public sector initiatives to address China's economic future. **Cai Shiyin**, Chief Executive Officer, Dialogue In the Dark, China, proposed a new type of capitalism 'which combines state and private-sector interests.' A key thought from the meeting was that to deliver prosperity – in China and elsewhere – capitalism must be 'embedded in the social, environmental, political, and financial systems with which it is intertwined,' as **Lou Marinoff**, Professor of Philosophy, The City College of New York, USA, put it. 'The most important driver for taking China to its rightful place in the global community are socially responsible economic development strategies,' said **Mo Fan**, Chairman, YOUDE Energy-saving Tech Development Co., China. His statement drew a round of applause.



Wolfgang Lehmacher, Managing Director, CVA, Hong Kong



Claude Begle, Chairman, SymbioSwiss, asking a question

As with the previous editions of the Global China Business Meeting, delegates headed for a closing dinner during the evening hours. An occasion to revel in newly-forged networks and friendships, the dinner offered further debates and reflections. The dinner session was framed under the title 'Envisioning the New Silk Road'. Trade corridors between China, Central Asia and Eastern Europe carry huge economic growth potential. Panelists examined what the prospects could be for China's economic ambitions along the 'New Silk Road' and



Wang Xin, Chairman, Yangquan Mining Chemical Co.



Session host He Zhenhong, President, China Entrepreneur Magazine, listening to her panelists



Huang Nubo, Chairman, Zhongkun Investment Group ... the panels highlighted China as a new centre of globalization



Rong Jianying, Secretary General, China Federation of Industrial Economics, thanking the Latvian government of behalf of the Chinese delegation

what the impact on business could be.

We at Horasis are very pleased with the results of the 2012 Global China Business Meeting and the feedback we have received from participants in the event. 'The 2012 Global China Business Meeting delivered analysis and insights needed to address risks and opportunities and achieve durable financial stability and more even, sustainable economic growth,' summarized **Andris Ozols**, Director, Investment and Development Agency of Latvia.

On behalf of Horasis, I would like to personally thank **Valdis Dombrovskis**, Prime Minister of Latvia who generously agreed to act as patron of the 2012 Global China Business Meeting. My thanks go also to the City of Riga, the China Federation of Industrial Economics as well as the co-chairs, co-organizers, partners from the private sector and all participants. This Global China Business Meeting was a unique experience which would not have been possible without the dedication and enthusiasm of our friends and partners.



Xie Ming, President, Luzhoulaojiao, China



Fernando Freire, Member of the Board, Aman Bank, Libya



Andris Ozols, Director, Investment and Development Agency of Latvia, speaking during the closing dinner



Faisal Hoque, Founder & Chief Executive Officer, BTM Corporation, USA, hosting a boardroom session



Chinese entrepreneurs blending with leaders from Europe and the world

Zhang Xiaodong, Chairman, Winhopes Investment Co., China, pinpointed that ‘Horasis has established with the Global China Business Meeting a global learning platform for Chinese firms that allows to interact and exchange experiences with global entrepreneurs. As Chinese businesses globalize and emerging markets move to centre stage, the meeting is playing a crucial role in helping firms from China and the world adapt and thrive.’ ‘This platform will enable the creation of a new group of global champions of Chinese origin which will produce innovations to benefit the world,’ concluded **Hellen Song**, General Manager, La China Capital, China.

It is our hope that the meeting will continue to serve as an important platform for stimulating thought and creative solutions. Horasis looks forward to welcoming you back to next year’s edition of the Global China Business Meeting which will be held in **The Hague, The Netherlands, 10-11 November 2013**, as announced by **Henk Kool**, Vice Mayor, City of The Hague and **Jochum Haakma**, Chairman, Netherlands Council for Trade Promotion who also gave a preview of what delegates can expect.

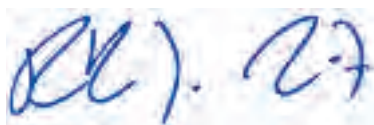
Horasis looks forward to your continued engagement and to welcoming you to the 2013 Global China Business Meeting. We also take great pleasure to invite you to take part in our other upcoming meetings, namely the Global Russia Business Meeting, Global India Business Meeting, Global Arab Business Meeting as well as the Horasis Annual Meeting.



Mark Minevich, President, Going Global Ventures, USA



Jochum Haakma, Chairman, Netherlands Council for Trade Promotion and Henk Kool, Vice Mayor, City of The Hague announcing the 2013 Global China Business Meeting



Dr. Frank-Jürgen Richter
Chairman
Horasis: The Global Visions Community



Matthias Heimerl, Head of Strategic Intelligence, Airbus, France



*Mao Yufeng,
Deputy Secretary General,
China Machine Tool & Tool
Builders' Association*



The meeting opened Latvia's attraction for investments from China



John Quelch, Dean, CEIBS, China, moderating a plenary panel



*Yang Yongqi,
President, Angel Bakery Co., China*



Listening to the welcome speeches



Exchanging business cards



*Mirjana Perko,
Chairperson, InCon, Slovenia*



Exchange of gifts

Reflections on the Horasis Global China Business Meeting

By Andris Ozols, Director, LIAA, Latvia

The Horasis Global China Business Meeting in Riga provided a wonderful opportunity for high-ranking global officials and prominent business people to get to know more about Latvia and enjoy our country's great hospitality.

During the event, the Latvian president, prime minister, economy minister, the mayor of Riga, and other high-level Latvian officials hosted the Chinese delegation here in our city and shared their experiences, as well as participated in a full day of panel discussions.

Perhaps most importantly, the event allowed Chinese and Latvian business people to meet face-to-face and discuss collaboration possibilities. Many Chinese business people met with potential collaboration partners in Latvia and talked about how they could work together in the future.

My own organization, the Investment and Development Agency of Latvia (LIAA), had the pleasure of organizing a special side event during the meeting – Business and Investment Opportunities in Latvia – where visiting delegations could hear more about our country. Hopefully the panel discussions served as a springboard for forging new partnerships between China and Latvia!

In recent years, China has become an increasingly interesting destination for Latvian companies. Our entrepreneurs can not only benefit from the booming Chinese market, but also learn from their Chinese counterparts about how to innovate and achieve technological progress. The Horasis Global China Business Meeting provided a wonderful forum for these interactions, as well as a platform for new ideas.

In addition, the event was also the setting for fascinating discussions on many pressing issues facing the world today, from globalization and global management standards to green economic growth. Everyone in attendance could therefore share their viewpoints, open their minds to fresh new ideas, and shape their personal outlooks. The event offered a chance for all of us to improve our knowledge of the world and refine our understanding of global affairs.

I am incredibly thankful to Horasis for inspiring new ideas, providing the chance to forge these new friendships, and laying the groundwork for collaboration projects in the future. The event was a true inspiration to all who attended!



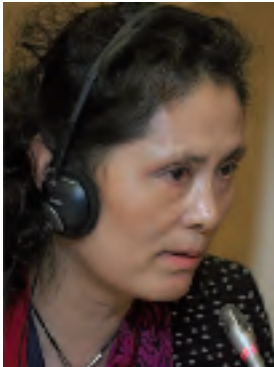
*Andris Ozols, Director,
Investment and Development Agency of Latvia*



*Aivars Taurins, Chairman,
Schenker*



A working session on investment opportunities



*Yang Xiaoyan, Chairwoman,
Damping and Noise Reduction
Mechanical Technology Co.*



Xu Xiaoping, Founder, ZhenFund, in discussion with participants



Horasis meetings – learning, sharing, shaping



*Chen Jianke, Vice President,
Chint Group Corporation*



Plenary – Driving the Next Wave of Globalization



On the sidelines of the Global China Business Meeting



Latvian President Andris Berzins meeting participants during the welcome reception



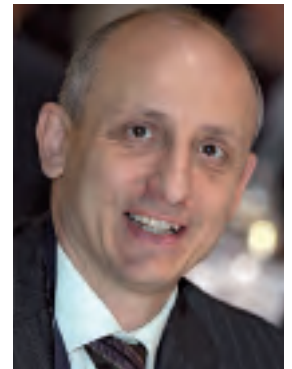
Qi Gengxin, Chairman, Guangfeng Real Estate Development Co.



Community building – China, Latvia and the world



Economics Minister Daniels Pavluts moderating a boardroom session



Liviu Lepadatu, President, Tornado Systems, Romania



Peter Chen, Chief Executive Officer, VOLK Flow Controls, USA, sharing a light moment



The interactive nature of the panels allowed entrepreneurs to sharing challenges they should be addresses



Valentin Romanov, Executive Director, SUN Capital Partners, Russia



*Andris K. Berzins, Chairman,
TechHub Riga, Latvia*



During a networking break



*Xu Diangang, President, Beijing
Energy Efficiency Technical Co.*



Debating how to unleash China's creative potential



*Liu Changle, Chairman, Phoenix and Mao Zhenhua, Chairman,
Chengxin, with Frank-Jürgen Richter, Chairman, Horasis*



Plenary panel – The Global Crisis, Reading China's Options

Honouring the Chinese Business Leaders of the Year

By Thomas Gilles, Partner, Baker & McKenzie, Germany

In the recent years, the global economy has been slowly recovering from one of the most severe crises in recent history, a crisis many believe is not over, yet. Europe's financial system is in turmoil. China, however, has been at the forefront of the recent economic rebound. China's resilience, even in these difficult times, is in large part due to the tremendous entrepreneurial spirit of the business leaders driving its economic growth and development. A jury, led by Baker & McKenzie and Horasis, took the opportunity at this eighth Global China Business Meeting to recognize and honor three business leaders who exemplify this spirit:

Huang Nubo is the Chairman of Zhongkun Investment Group. Established in 1995, Zhongkun is now one of China's most influential large-scale private enterprises in the real estate and vacation sector. Mr. Huang graduated from Peking University and got an MBA from China Europe International Business School in Shanghai. In his professional career, Mr. Huang started out in the Central Propaganda Department of the Chinese Communist Party before moving into the private sector. Apart from being a successful business man, Mr. Huang is also an accomplished poet who has published numerous anthologies. His entrepreneurial career started when he printed business cards, sold children's toys and renovated buildings. After founding Zhongkun Investment in 1995, his first major profit were 50 Million Yuan, merely two years later. An astonishing achievement. Mr. Huang is also known to be one of the most active donors in China. He shows tremendous care for his country's cultural heritage. With his help, Hong village in Anhui province was saved,

restored and eventually included in the UNESCO world heritage. One of his countless charity activities was the donation of 30 Million Yuan to promote the development of Chinese poetry and 900 Million yuan to his alma mater, Peking University. Apart from this, he is engaged in numerous charitable organizations.

Liu Changle is the Chairman of Phoenix Satellite Television Holdings. In 1996, Mr. Liu and Mr. Rupert Murdoch's News Corporation co-founded Phoenix Satellite Television Company Limited in Hong Kong. Phoenix now operates six TV channels and has developed multiple business fronts. Its media sector has been listed on the NYSE since 2011. Mr. Liu graduated from the Beijing Broadcasting Institute, now the Communication University of China, where today he is also an visiting professor and doctoral supervisor. In 2006, he received an Honorary Doctoral Degree from the City University of Hong Kong in recognition of his significant contribution to learning and the well-being of society. Before the merger which eventually would become Phoenix Satellite Television, he went overseas in 1988 and invested in oil, infrastructure and real estate



Thomas Gilles, Partner, Baker & McKenzie announcing the Chinese Business Leaders of the Year



Liu Changle, Chairman, Phoenix Satellite Television Holdings, receiving the award



Acceptance speech of Mao Zhenhua, Chairman, China Chengxin Credit Management,

projects. After returning to China and founding Today's Asia, his own TV company, he convinced Rupert Murdoch to form a joint venture with him. Phoenix' revenues saw mind-blowing jumps in the recent years and there is no end in sight. Mr. Liu is also an active promotor of socio-cultural movements relating to the Chinese cultural heritage as well as religious and cultural research. In 2010, he was awarded the Silver Bauhinia Star by the Hong Kong government for his outstanding contribution to social undertakings.

Mao Zhenhua is the chairman of China Chengxin Credit Management, CCX. Founded 20 years ago, CCX was China's first national credit rating agency and has set path for a number of other ratings companies that followed. In 2006, CCX set up a joint venture with Moody's. This year, CCX was voted as the top 50 enterprise with most potential by Chinese Venture capitalists. Mr. Mao graduated from Wuhan University

with a Doctorate in Economics and obtained a post-doctor from the China Academy of Social Science. Nowadays, he is the dean of the Institute of Economics at Renmin University in Beijing. Mr. Mao established CCX in 1992 when he was just 28 years old. He wanted to found a business that was "very popular in mature markets but little known in China" – signs of a true entrepreneur. CCX became the first licensed mainland credit ratings business to operate in Hong Kong, and Singapore is likely to be the next step. Apart from this, he is also known for his enthusiasm for education and economics. He has granted Millions of Yuan to Wuhan University, Renmin University and other tertiary institutions and has co-operated with them in macro-economic research. Their research reports constantly receive high appraisals in China.

All three award winners excel in leadership, innovation, global reach, and economic performance.



The award winners



Xia Lingsheng with representatives of the World Eminence Chinese Business Association



Welcome Dinner



Arriving for the opening dinner, through the dungeon of the House of Blackheads



Taking notes



At a boardroom panel



The meeting was broadcasted by several TV-stations



Preparing for the next panel



A capella vocal performances by the Latvian Voices, a Latvian vocal ensemble



The closing dinner – featuring world class performers and a spectacular scenery



Celebrating the success of the 2012 Global China Business Meeting



The Global China Business Meeting offered simultaneous interpretation services

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