

# AUSTRALIAN LANDING PAD SHANGHAI



Australian Government



## LEAP TO SHANGHAI

The Australian entrepreneur's guide to the  
Greater China market through Shanghai



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# CONTENTS

<b>AUSTRALIAN LANDING PADS</b>	<b>4</b>	<b>SETTING UP SHOP</b>	<b>17</b>
Shanghai Landing Pad	4	Profit repatriation and foreign exchange control	17
Residencies	4	Cybersecurity, domain/hosting, cloud services and data storage compliance	18
Bootcamps	4	Fundraising	19
Austrade China podcasts	4	Entity registration	21
<b>INTRODUCTION</b>	<b>4</b>	Expand your footprint across China	23
Why Shanghai	4	<b>RESOURCES</b>	<b>25</b>
At a glance	5	General living	25
China	5	Traffic and transportation	26
Shanghai	6	Metro	26
Consumers	7	Bus	26
<b>INDUSTRY OPPORTUNITIES</b>	<b>9</b>	Taxi or Uber (DiDi)	26
<b>TOP FACTORS TO CONSIDER</b>	<b>10</b>	Walking or biking	26
Before you arrive	10	Navigation app	26
Visas and entry	10	Maglev	26
Accommodation	10	Driving	26
Locations	11	Inter-city travel	28
Intellectual property protection basics	12	Airports	28
Translation of essential materials	12	High-speed rail	28
Chinese holidays	12	Security and emergency	28
Business practice and etiquette	13	Events and networking	29
After you arrive	14	Useful apps	29
Language support	14	<b>HOW THE AUSTRALIAN GOVERNMENT CAN ASSIST</b>	<b>30</b>
Banking and mobile payment	15	Austrade	30
Telecommunications	15	Grants and incentives	30
Taxation	16	Further information	31

# AUSTRALIAN LANDING PADS

The Australian Landing Pads help Australian-founded, market-ready startups and scaleups take their business global with access to the world's most renowned innovation ecosystems.

## SHANGHAI LANDING PAD

The Shanghai Landing Pad serves as a gateway to the Greater China market by preparing entrepreneurs to tackle its complexity and uniqueness through 90-day residencies and week-long Bootcamps.

### RESIDENCIES

The 90-day residency is a three-stage program for entrepreneurs who are ready for the China market.

**Get Set Up:** Navigate the differences of the market and re-strategise your market entry moves.

**Get Connected:** Establish effective business connections and partnerships in market through the Landing Pad Manager, the local partner XNode and Austrade's broad network.

**Get Backed:** Enjoy continued mentorship and cross-region links to support longer-term operations in market.

### BOOTCAMPS

The Shanghai Landing Pad works with partners in China and Australia to deliver short-term 'China Bootcamps' to give more startups and scaleups a 'taster' experience to ramp up their readiness for the market. Bootcamps can be both sector-agnostic and sector-specific.

### AUSTRADE CHINA PODCASTS

For market entry tips and inspirational stories in China for Australian businesses, listen to **Austrade China's podcast**.

Visit [australiaunlimited.com/landingpads](http://australiaunlimited.com/landingpads) for more information.

# INTRODUCTION

This guide provides practical information for Australian entrepreneurs to consider before and after entering the China market. It outlines top business and personal insights and provides a roadmap for entering and succeeding in the market. Some of the advice is specific to Shanghai, but much of it also applies to entrepreneurs looking to enter the wider China market.

## Why Shanghai

Shanghai stands out as an international hub for global entrepreneurs, and has been named by the Chinese Government as "the Technology and Innovation Centre in China with Global Influence". Shanghai ranked as the biggest up-and-coming leader and closest rival to Silicon Valley in San Francisco as a global technology innovation hub.

1. Immerse your startup in China's centre of innovation and entrepreneurship – Shanghai's startup ecosystem is ranked eighth in the world, with up to 2,700 active startups in the city.
2. Reach out to a market of 1 billion consumers – China is home to a rapidly expanding population of tech-savvy consumers with growing disposable incomes.
3. Localise your product for China – Shanghai's 24 million consumers, high-quality infrastructure and strong interest in new apps make it an ideal market to localise and test products for China.
4. Forge links with research and development (R&D) centres set up by leading multinationals – one-quarter of R&D centres set up by multinationals in China are based in Shanghai.

Shanghai's global outlook and support for international business provide a solid starting point for foreign companies before they expand across China to take advantage of more targeted opportunities.

## FOLLOW THE LANDING PADS



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## At a glance

### China

The China market is too big to be ignored, with the largest group of middle-class consumers in the world. The 'Mass Entrepreneurship and Innovation' agenda set out by the Chinese Central Government boosted the startup ecosystem. By the end of 2016, there were 3,259 technology incubators and 4,298 crowd-working spaces. China has the largest number of unicorn startups outside the United States, with four Chinese companies named in the top 10 globally for valuation.

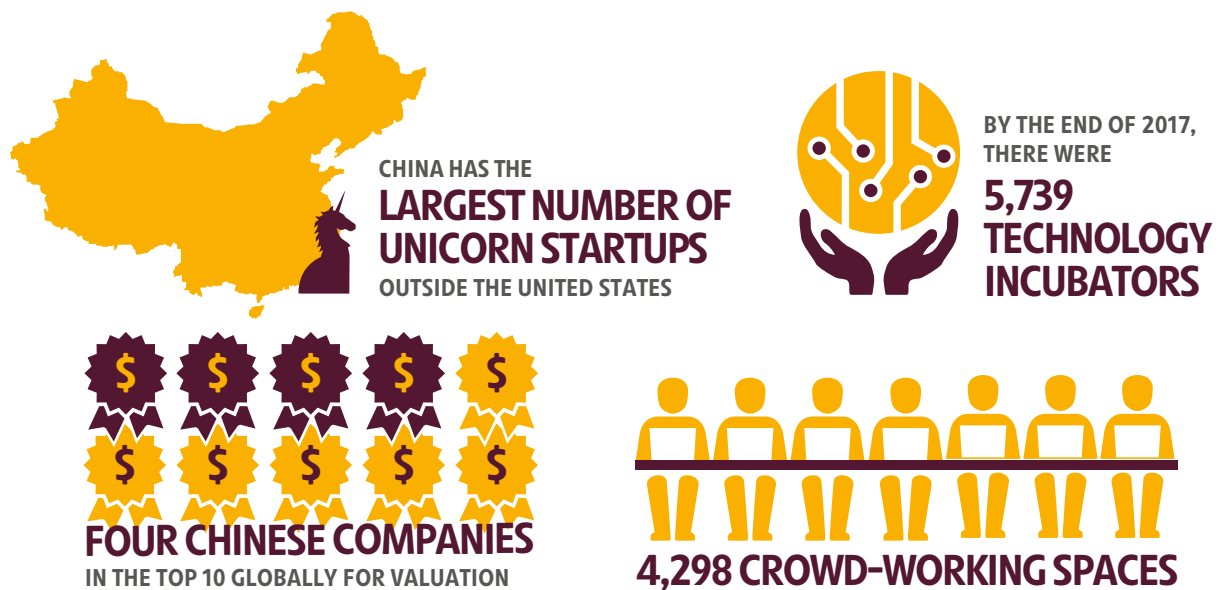
China has leaptfrogged to the mobile internet era and is leading technological innovation in many ways. It is essential for Australian entrepreneurs to change

their perceptions and acknowledge the differences between the markets, before successfully growing their business in China.

"The 90-day Landing Pad residency is a learning experience, we now understand a lot more about the China market, the localisation needs and the different opportunities across the provinces."

Brian Pong, Senior Executive, Tenderfield

Trying to 'play by the book' or repurpose strategies 'proven elsewhere' in China simply won't work. Agility is the key. If there is a gap and if you can't fill it, someone else will.



"KOPA came to China to do business and a big bonus is having the badge of Austrade, the Australian Government, to open doors and do deals with CEOs and presidents of large local businesses."

Jason Lu, CEO, KOPA

## Shanghai

Shanghai has more than 170 years of trading history with global partners and can confidently be referred to as the 'Gateway to China'. Shanghai's startup ecosystem boasts local government support, active industry involvement and dynamic venture capital activities. There are 43 national-level accredited **incubators**, 46 national-level registered crowd-working spaces and 286 municipal-level accredited and registered service platforms supporting innovation and entrepreneurship.

The Shanghai Government's incubator and co-working space regulating body 'Shanghai Technology Innovation Centre' has accredited 23 'international-friendly' service providers as the city's 'Startup Gateway' members, to further enhance its capability to service foreign entrepreneurs on the ground.

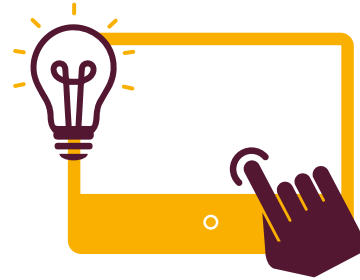
Shanghai has:

- › a transparent government practice
- › a mature and sophisticated financial and business service network
- › one of the largest expat communities in China
- › numerous prestige universities providing a pool of high calibre talent.

Shanghai is:

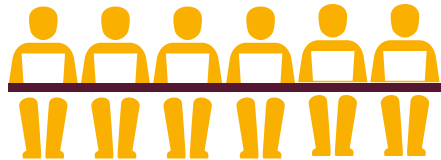
- › the most English language-proficient city in China
- › home to almost all Fortune 500 companies as regional headquarters, providing cooperation opportunities.

## 286 MUNICIPAL-LEVEL ACCREDITED AND REGISTERED SERVICE PLATFORMS



SUPPORTING INNOVATION AND  
ENTREPRENEURSHIP.

## 46 NATIONAL-LEVEL REGISTERED CROWD-WORKING SPACES



## 43 NATIONAL-LEVEL ACCREDITED INCUBATORS



## Consumers

Chinese consumers are tech-savvy with over 79 per cent of the population using high-speed 3G or 4G cellular networks to communicate, shop and bank. Two dominant apps – WeChat and Alipay – have reshaped the consumer scene with their mobile payment systems. Internet of Things (IoT) has been widely adopted and accepted by Chinese businesses and consumers. Over 14 per cent of the 1.6 billion cellular connections are machine-to-machine. Shanghai has a population of approximately 24.5 million, which is around the total population of Australia.

**“China is a big market for many industries and for the construction industry, it’s one of the leading markets in the world. We came to the Landing Pad to understand the opportunities, competitors and risks.”**

Brian Pong, Senior Executive, Tenderfield



# INDUSTRY OPPORTUNITIES

China is Australia's largest export market, largest source of international students, most valuable tourism market, a major source of foreign direct investment and largest agricultural goods market. For several decades, exports and investment have underpinned the development of the Chinese economy.

China is a large and diverse market made up of 31 jurisdictions, each with their own culture, features and interpretations of Central Government policies.

Austrade operates in 12 cities in the Greater China region (as Commercial Section of the Australian Embassy in Beijing; the Consulates-General in Shanghai, Guangzhou, Chengdu and Hong Kong; and the Australian Office in Taipei), and manages six regional offices in Shenyang, Qingdao, Nanjing, Wuhan, Kunming and Shenzhen.

Non-exhaustive sector focuses for China include:

- › **Advanced Manufacturing: new materials, manufacturing innovation**
- › **Agribusiness: agtech, traceability**
- › **Education: edtech, e-learning**
- › **Financial Services: blockchain, fintech**
- › **Food, Beverage and Consumer: food tech, new retail (online/offline integration)**
- › **Infrastructure and Energy: smart city, smart transportation, clean energy**
- › **Services: ICT, pan-entertainment (online reading, TV/film, games), local services**
- › **Healthcare: aged-care, bio/pharma/health-tech.**

**THERE ARE OVER 80 AUSTRADE OFFICES GLOBALLY AND 11 AUSTRADE OFFICES IN CHINA AND 12 OFFICES IN GREATER CHINA**





# TOP FACTORS TO CONSIDER

## Before you arrive

### Visas and entry

Non-Chinese nationals generally need to apply for a visa before travelling to Mainland China. Common ways of entering into Chinese borders include:

- › Apply for a visa before your travel:
  - **Select the right type of visa** for Mainland China
  - Take your application to your nearest **Chinese Visa Application Service Centre**.
- › Check if any **visa-exempt circumstances** (incl. transit at certain cities/ports) apply to you.

Hong Kong and Macau Special Administrative Regions (SAR) of the People's Republic of China have different entry requirements.

- › Foreign passport holders from many countries (incl. Australia) may be admitted to Hong Kong or Macau visa-free under certain circumstances. Check local immigration authorities' websites for more information.
  - **Immigration Department, Hong Kong SAR**
  - **Public Security Police Force, Macau SAR**
- › Beware of the immigration 'border' between Hong Kong or Macau SAR and Mainland China, especially when you plan to re-enter Mainland China from Hong Kong or Macau when you possess a visa with a limited number of approved entries.

Failure to present a valid visa or overstaying your visa or APEC Business Travel Card may result in detainment at the Chinese border, deportation, fine, or ban from re-entering China.



**APPLY FOR A VISA AND CHECK THE APPROVED CONDITIONS BEFORE YOU TRAVEL**

### Accommodation

Living in Shanghai can be expensive. A realistic budget per night for a hotel room is A\$100 or higher. Longer-term leases cost less but you need to pay attention to the fine print. Note that non-Chinese nationals need to register their residential address with local police upon arrival. If you're staying in a hotel, the hotel will register on your behalf. If you're staying in a residential compound, you and your landlord need to register yourselves.

**A REALISTIC BUDGET PER NIGHT FOR A HOTEL ROOM IS A\$100 OR HIGHER.**





## Locations

The area surrounded by the Inner Ring Express Roads is the most prime location in downtown Shanghai. International-friendly city hubs include Zhongshan Park, Xujiahui, Jing'an Temple, People's Square, Xintiandi, Lujiazui and Century Park. A good way to decide where you want to live is to determine where your business activities are likely to happen, then choose the adjacent city hub or follow the metro line that provides the easiest access to your business location, based on your budget.

### Short-term options

- Hotels
  - Almost all international hotel chains have properties in Shanghai. There are some local brands that can also handle foreigner registrations including Jinjiang, Equatorial and Yan'an Hotel.
- Airbnb
  - There are a large number of Airbnb listings in Shanghai offering high-quality home-like experiences. Usually the hosts speak English well and the rates are often more reasonable than hotels.

### Longer-term options

- Serviced properties offer a full-range of services including housekeeping and concierge.
  - **The Ascott**
  - **YiRent**
  - **Lan Apartments**
  - **Kerry Residence.**
- Non-serviced properties
  - **Merry Home Listings**
  - **Smart Shanghai Listings**
  - **Joanna Real Estate.**

Check with your local acquaintances and expat communities after your arrival for other recommendations or tips.

## Intellectual property protection basics

Intellectual property rights (IPR) protection should be considered and actioned before you enter any foreign market. Australian businesses should be aware of basic points, and take necessary actions prior to your entry into the China market.

China has a different legal system regarding IPR registration, protection, litigation and enforcement.

- › The Chinese trademark system is 'First-to-File' rather than 'First-to-Use', so register early and in Chinese language.



- › The Chinese Government handling fee for registering a class of trademark costs CNY300 (A\$60).
- › The Madrid Protocol is applied in Mainland China (not yet in Hong Kong SAR), hence you can register your trademark from Australia. Beware of the different sub-class systems in China and also consider registering your trademark in the local language.
- › It is the IPR owner's duty to monitor potential infringements. When you notice one, report to and work with local law enforcement. Do not shy away from engagement.
- › Taking legal action in China – beware that court rulings in one country are not automatically recognised or enforceable in a different country. Consider an enforceable dispute clause when you draft your contract. However, do not be afraid to sue the infringers as data shows there's no prejudice against foreign IP right owners in Chinese courts.

For more information about protecting your **IP rights** in China, go to IP Australia and read the **Protecting Your IP in China Guide**.

## Translation of essential materials

Though many of your business counterparts can speak English, it is a courtesy and a proactive way of doing business in China to get your brand, product names, executive summaries, business cards and pitch decks translated into Chinese.

Aside from seeking NAATI-accredited translators' assistance, double-check with a native speaker – universities can help you find native Chinese speakers. It is essential to have your translated materials proofread. You don't want your brand name to sound like bad luck or contain a strange word in Chinese.

## Chinese holidays

Each December, the Chinese State Council Office issues next year's public holiday arrangements as the Government tries to align statutory public holidays with adjoining weekends to create longer breaks. Transportation and public service may be impacted in different ways on these longer breaks.

The Chinese Lunar Calendar and important holidays vary every year. It is fine for foreign organisations to keep their preferred holiday arrangements, but businesses should note that under Chinese Labour Law, arranging work on statutory Chinese public holidays would be deemed as overtime and 300 per cent compensation to employees working on these days is mandatory.

Statutory Chinese Public Holidays:

- › New Year: 1 January
- › Chinese New Year: 3 days, often in January or February
- › Qing Ming (Tomb Sweeping Day): 1 day in April
- › Labour's Day: 1 May
- › Duan Wu (Dragon Boat Festival): 1 day, often in May or June
- › Zhong Qiu (Mid-Autumn Day): 1 day, often in September
- › National Day: 3 days in October.



### Business practice and etiquette

Chinese business etiquette includes the following:

- › Call the executive from your business counterpart by his or her last name after the title. If you don't know the title, simply use the prefix, for example, Mr Zhang, Director Zhang or Ms Wang. The Chinese seldom call others by their first name as it is considered offensive unless between close friends or family. However, if a person uses an Anglo name, there wouldn't be any difference when referring to that person than in Western culture.
- › 'Showing respect' is a fundamental rule for doing business in China. One basic gesture is to use both hands to present and take business cards. It is considered rude to bluntly refuse or decline a proposal in person. You can tell if your counterpart is keen by trying to make a follow-up appointment.

- › It is unlikely you would strike a deal with your counterpart at the first meeting. First meetings are often high-level mutual introductions providing clarity and basic confidence, often followed by some rounds of information exchange and relationship building.
- › Non-chopped (stamped) documents are deemed void in the Chinese business environment, even with the signature of an authorised signatory.

Asialink Business has [tips on maintaining good business etiquette](#).

**“We came to the Landing Pad with no expectations and are leaving with a world of knowledge we could not have accumulated doing this on our own.”**

Jason Lu, CEO, KOPA

## After you arrive

### Language support

Service staff often can understand English. If you're in need of language support, call the Shanghai Government-sponsored hotline on 962288 (+86-21-962288).

If you need to go to a meeting conducted in Mandarin, consider seeking assistance from professional interpreters.

### Banking and mobile payment

#### Purchase local currency

Non-Chinese nationals can purchase or convert foreign currencies into Chinese Yuan (CNY, Renminbi) at any bank outlet or authorised foreign exchange service agency in Mainland China with a photo ID. The daily cap is the equivalent of US\$500 (US\$1,000 before going through immigration at airports) and the annual cap is the equivalent of US\$50,000. There's no cap for non-Chinese nationals to purchase foreign currencies within Mainland China but for large transactions, the bank may require substantial proof of legitimate source of income and purposes.

#### Set up your account

Local banks usually require non-Chinese nationals to present their passports and valid visas. Some banks require visas with a temporary stay longer than three months to issue a debit account.

Chinese banks do not issue cheque accounts for individuals. The most basic and commonly used account is a debit account and card. Chinese debit cards are all under the China UnionPay network. With a local card and a local mobile number, you can set up your mobile payment accounts with WeChat or

Alipay. Download the relevant apps and complete the bank account and mobile payment account binding procedures.

#### Use credit cards and e-payment

Credit cards issued by Visa, MasterCard or American Express can be used in China, but not as widely as China UnionPay or mobile payment. You may link your overseas credit cards to WeChat Pay or Alipay and start using it. However, not all merchants accept payment made by credit cards.

Most places, such as small street diners and fruit-stand owners, would prefer to be paid electronically. Most e-payment transactions in China are conducted via either WeChat Pay or Alipay through QR codes. Merchants can scan QR codes generated on consumers' phones, or the merchants may require consumers to scan the static QR codes shown. Apple Pay and tap-to-pay (such as Visa PayWave™ or China UnionPay QuickPay™) are available in a number of shops, mostly international franchises like Starbucks.

### Telecommunications

Mainland China has imposed censorship and access restrictions known as 'the Great Firewall' for certain online services including Facebook, Instagram and Google. There are alternative network solutions available to help get access from inside China, for example, a virtual private network (VPN).

There are three major telecommunication carriers in China – China Mobile, China Unicom and China Telecom. They all provide a full range of services including mobile, landline, home and business broadband. Activation of individual cellular accounts requires photo ID verification at a service counter of the carrier of your choice.

Carrier	China Mobile	China Unicom	China Telecom
Website	www.10086.cn	www.10010.com	http://189.cn
Hotline	10086	10010	10000
Formats	GSM, TD-SCDMA, LTE (TD)	GSM, WCDMA (HSPA+), LTE (TD/FDD)	GSM, CDMA2000 (EVDO), LTE (TD/FDD)



## Taxation

Below is general information on taxation you need to know upon your arrival and initiation of business activities. For more comprehensive and tailored tax advice, please seek assistance from professional service providers.

**VAT (Value-added Tax)** is imposed on sales of goods and services in Mainland China. Popular tax rates are 16 per cent (sale of goods) and 6 per cent (sale of services) with a possible relaxed tax rate of 3 per cent under special preferential tax schemes. Accepted accounting and tax claiming evidence are VAT invoices (Fapiao, 发票) that may be issued electronically or paper-based.

› **Individual income tax** should be withheld by the payer or employer and reported to the tax authority monthly. The tax rate varies for individuals who work in China on a permanent basis (payroll tax) or on a temporary basis; and varies for different categories of income.

- › **Enterprise income tax** for entities with permanent establishment in Mainland China is a 25 per cent flat rate, levied on profits with a possible relaxed tax rate of 15 per cent under special preferential tax schemes. For business activities without actual or deemed permanent establishment in Mainland China, a minimum of 10 per cent withholding tax is applied to the revenue made in China.
- › For income taxes, Australia and China signed the Double Taxation Agreement (DTA) in 1988. See the [Treasury website](#) for more information.
- › The China-Australia Free Trade Agreement (ChAFTA) has brought preferential duty and tariff arrangements for Australian exporters to China. See the Department of Foreign Affairs and Trade's [ChAFTA site](#) for more information.

# SETTING UP SHOP

## Profit repatriation and foreign exchange control

Every country has its own set of rules in levying tax on revenues or profits from business activities on its soil or from its origin. Foreign Exchange (Capital Outflow) Control is imposed in Mainland China by the People’s Bank of China (PBoC) and the State Administration of Foreign Exchange (SAFE).

China (including Hong Kong SAR) has entered into OECD’s Multilateral Convention, preventing BEPS (Base Erosion and Profit Shifting) and upholding CRS (Common Reporting Standard) protocol to further fight against tax evasion. Below is general information to consider when setting up in China and repatriating profits back to your home country. Seek professional advice and assistance for more detailed and tailored practices.

Character	Foreign entities (incl. entities from Hong Kong/Macau SAR or Taiwan region)		
	Foreign nationals	Chinese nationals	
<b>Inbound to China (Settle in CNY)</b>	Can be transferred to Chinese bank account and settled in CNY relatively easily as long as anti-money laundering (AML) requirements are met.	Annual cap of US\$50,000 settlement to CNY applies. Genuine purpose evidence is needed for settlement beyond the cap.	
<b>Outbound from China (Purchase foreign exchange)</b>	Need to file for legitimate transaction purposes with assistance from banks. Common purposes incl. dividends, profits, service fees, royalties, etc. and can be handled after an approval process.	Small amount purchase US\$500 or US\$1,000 (at international airports) per transaction allowed. No FX purchase cap applies but evidence of source of income from China required for other purchases.	Annual cap of US\$50,000 for CNY settlement and FX purchase (shared) applies.

# Cybersecurity, domain/hosting, cloud services and data storage compliance

The Cybersecurity Law of PRC has been in effect since 1 June 2017. It regulates online operations, protects personal data and privacy, and safeguards cyber sovereignty and national security. Below is a non-exhaustive digest of key clauses and implications. For more details about the legislation and its implications for your business, seek professional advice.

Network and online services operation	Network and online services operation
<ul style="list-style-type: none"> <li>› Operators must keep relevant network logs for at least six months.</li> <li>› Before providing service, operators must ask users to provide authentic identification.</li> <li>› Critical network facility operators must store all important data and personal information generated from PRC within the territory of PRC.</li> </ul>	<ul style="list-style-type: none"> <li>› Operators must notify users and obtain consent from users if the service contains user information collection functionalities.</li> <li>› Operators must strictly keep collected user information confidential and must not collect personal information that’s irrelevant to the services being provided.</li> <li>› Operators must not leak, alter or destroy the collected information, nor provide the information to any third parties without explicit consent from users. Users can ask operators that illegally collect, store and use their information to delete relevant data, or modify any wrong records.</li> <li>› Operators should monitor user-generated content and cut the transmission of illegal information once discovered.</li> </ul>
Monitoring and responsiveness	Regulations and fines
<p>Similar to the requirements of NIST network safety framework and ISO 2700x standard.</p>	<p>Fines for violations vary from CNY5,000 to CNY1 million with potential business consequences including forced business suspension or termination, licence revocation, removal of business principals and criminal prosecution.</p>

For foreign online service operators, it is reasonably convenient to adopt services from established cloud service providers such as **AWS, Microsoft Azure** and **Alibaba Cloud**. These providers may be able to assist you in setting up your online presence in China with full compliance. You do not need a Chinese entity to set up your website hosting or start using these cloud services in China. However, if you would like to apply for a ‘.cn’ domain name, you may either need a Chinese individual or entity to register. Furthermore, for uninterrupted DNS routing in Mainland China, an ICP licence is required for websites operating in China. Your cloud service provider will be able to advise further on getting an ICP licence.

**“Through the Landing Pad Program and leveraging Austrade’s credibility, we have been able to approach some serious private equity companies in Shanghai to establish a fund for all 16 of our projects here in Shanghai.”**

Megan Gadico, Founder and CEO, Group Eight Media



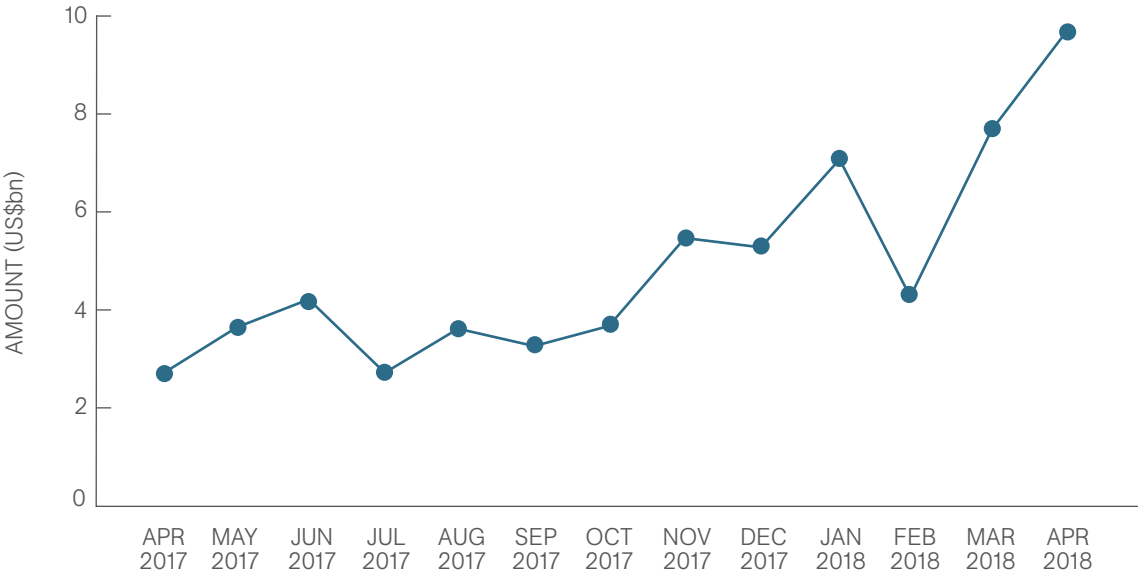
# Fundraising

## Equity Investment

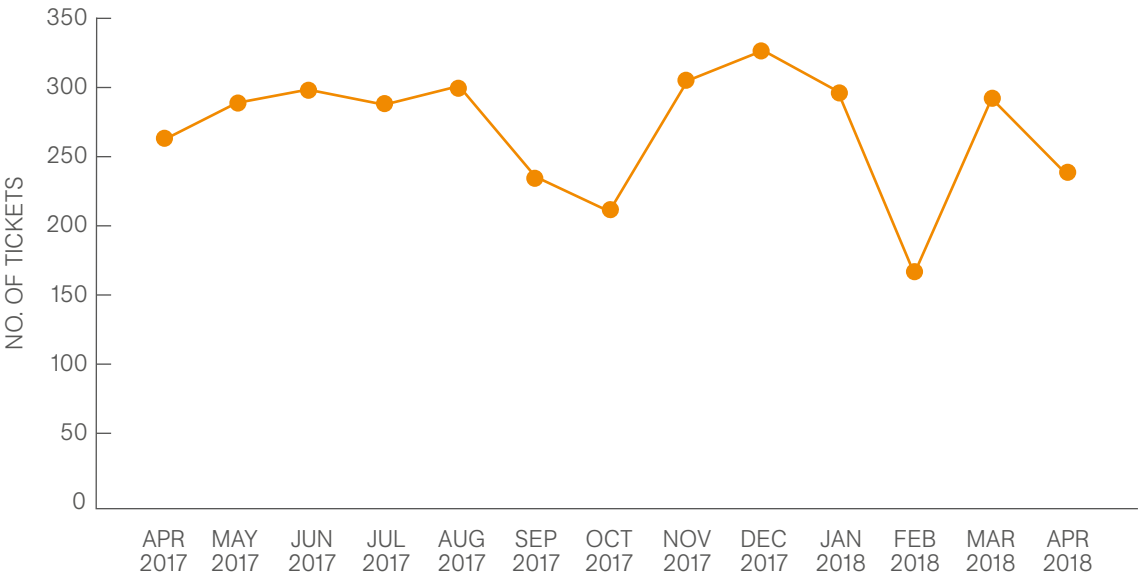
Scale of China's venture capital investment<sup>1</sup>: Apr 2017–Apr 2018

Month	APR 2017	MAY 2017	JUN 2017	JUL 2017	AUG 2017	SEP 2017	OCT 2017	NOV 2017	DEC 2017	JAN 2018	FEB 2018	MAR 2018	APR 2018
<b>Amount (US\$bn)</b>	2.76	3.67	4.11	2.86	3.58	3.22	3.6	5.54	5.33	7.09	4.15	7.69	9.44
<b>No. of tickets</b>	256	279	297	270	300	234	211	306	326	298	166	292	240

Source: ChinaVenture.com.cn



Source: ChinaVenture.com.cn



Source: ChinaVenture.com.cn



Venture capital (VC) investments in China are defined as funding rounds starting from Pre-Series-A (with average funding amount of US\$3.21 million per ticket in April 2018) to Series-D and beyond, and are conducted by institutional VC investors. Institutional investors come from varied backgrounds such as corporate development divisions of large corporations, professional general partners operating internationally, and early-stage investment teams of banks and asset management groups.

Megacity clusters like Beijing, Shanghai (including Zhejiang and Jiangsu), and the Guangzhou-Shenzhen Bay Area are top destinations for investment activities but investors do not limit their activities in such clusters.

Angel investors may be individuals or institutional investors. Normally they would expect higher return on investment as they naturally bear higher risks.

#### **Loans and credit lines**

Local banks may offer small loans and credit lines for entrepreneurs but would normally require documents proving local business activities (such as orders and contracts) or assets as collateral, or for local representatives to co-sign. Consult your bank for options.

#### **Local grants and subsidies**

Local government agencies often may offer grants and subsidies in the form of cash or rebates. Normally such programs are promoted and handled through incubators and co-working spaces and are mostly for locally registered businesses. Consult your co-working space or incubator for more information.

#### **Alternative funding**

For businesses, Initial Coin Offering (ICO) or any other form of fund attraction from non-specific public is considered a criminal offence in China. However, you may find individual Chinese investing in foreign ICOs.

## Entity registration

Type of entity	Hosting	Representative office	Wholly foreign-owned enterprise (WFOE) or joint venture
<b>Criteria for setting up</b>	No particular criteria	Parent company in good business conditions for over a year in home country	No particular criteria for parent company but the new entity should comply with PRC laws and articles of association
<b>Approval before Registration</b>	Not applicable	Provincial department of commerce	Provincial department of commerce (now being streamlined)
<b>Legal status</b>	Contracting relationship between commissioning party and local hosting party	Dependent representation (not a legal person)	Independent legal person
<b>Operating duration</b>	Depending on business needs	1 year max, subject to renewal	Determined by the Articles of Association, up to perpetuity
<b>Operating address</b>	Virtual or shared office space by the hosting party	Accredited business buildings that can host foreign rep offices	Business addresses (can be inside a co-working space)
<b>Setting up of bank account</b>	No	Yes	Yes
<b>Visa invitation for foreign nationals</b>	Handled by the hosting party	Handled by the rep office	Handled by the WFOE
<b>Hiring &amp; firing of local employees (incl. payroll, social security, accumulation funds, occupational health compliances, etc.)</b>		Handled through a labour agency (incl. Chief Rep), number of employees cannot exceed 4 people	Independent hiring and firing practices, no limit on number of employees
<b>Accounting/finances and taxation</b>		Rep office as permanent establishment, and actual cost as deemed profit for corporate income tax levying	Entity as permanent establishment, actual profit as basis of corporate income tax levying with potential VAT rebate and tax breaks applicable
<b>Issuance of tax invoices</b>		No	Yes

### Registration of wholly foreign-owned enterprise

Many restrictions have been and are continuously being lifted and the complexity of registering a wholly foreign-owned enterprise (WFOE or WOFE) has greatly reduced. Read Asialink Business' [summary for business registration in China](#) as a reference

but be advised the policy for registering a WOFE is being streamlined by the Chinese Government. The new sample process came into effect at the end of June 2018 (see following). Consult professional legal and advisory services before you start your registration process.

Company name approval	
Verification of business address	
Initiation of online application	
Cross-checking of negative business list	
Intended business activities not in negative list	Intended business activities in the negative list
Direct filing and uploading	Applying for preliminary approval
Submission of materials for both the 'Foreign-Owned Enterprise Filing Certificate' and business registration	Submission of preliminary business filing materials for 'Foreign Investment Approval Certificate'
Collection of licences: filing certificate and business licence, with permission to carve chops (a Chinese name seal)	Collection of foreign investment approval certificate and submission of business registration materials
	Collection of business licence with permission to carve chops
Further processes e.g. FX, customs, bank account setup, etc.	

### Co-working spaces and incubators

There are plenty of incubators and co-working spaces that can provide reasonable workspace solutions in Shanghai and beyond. Rent varies drastically depending on location. A number of international operators in the co-working or serviced-office spaces are active across a number of locations, providing prime accessibilities, business image, and staff welfare solutions.

- > [WeWork](#)
- > [Naked HUB](#)
- > [Regus](#)
- > [XNode.](#)

Chinese state-owned incubators are often large-scale business or industry parks accommodating SMEs or large organisations but can also host startups with basic business support and optional incubator services.

State-owned incubators often aggregate substantial local government incentives and may be able to assist in dealing with local government agencies.

- > [Zhangjiang InnoPark](#)
- > [Caohejing International Business Incubator.](#)

**“An outcome of our Landing Pad experience was access to the local Austrade office, knowledge and connections in Hong Kong, which enabled us to develop an actionable plan for entering that market.”**

Brian Pong, Senior Executive, Tenderfield

## Expand your footprint across China

The Australian Landing Pad in Shanghai collaborates with a number of Austrade offices and local partners to establish 'China Pathways', aggregating resources and local insights to better service Australian entrepreneurs' expeditions to China.

China Pathways facilitated by the Shanghai Landing Pad

Week-long **Bootcamps**  
or **Tailored Market**  
**Sprints in Shanghai**

90-day **Landing**  
**Pad Residencies** in  
Shanghai

**Showcases and**  
**Investor Connect**  
programs in Beijing,  
Tianjin, Shenzhen  
and Shanghai further  
promoting Australian  
entrepreneurs

**Land to Broader**  
**China** assistance,  
helping China-ready  
SMEs expand to West  
China for greater  
opportunities in broader  
China markets



# RESOURCES

## General living

Some general tips for day-to-day living:

- › Tap water is not potable – drink after boiling or buy bottled water. However, some fountains in public spaces offer potable water.
- › Waste disposal generally follows recyclable and non-recyclable categories.
- › There's no tipping tradition in Chinese restaurants and hotels. High-end places will add a surcharge directly to the bill.
- › VAT is already included in the price shown.
- › Air quality may occasionally deteriorate in winter especially in Northern China. Pay attention to weather forecasts and air quality readings and take the necessary health precautions.
- › English menus are often available at downtown restaurants. Explain your dietary restrictions to the wait staff and normally these requirements can be accommodated. However, smaller restaurants serving local cuisines may not be able to provide food following certain dietary restrictions.

Check the Australian Government's **Smart Traveller website** for the latest travel advice and recommended precautions.

## Public information

- › **Shanghai Government**
- › **Shanghai Metro**
- › **Bank of China Exchange Rate**
- › **Shanghai Airport Authority.**

## Local news and insights

- › **China Daily**
- › **Shanghai Daily**
- › **TechNode (TechCrunch China).**

## Things to do

- › **TimeOut Shanghai**
- › **TripAdvisor – Shanghai Tourism**
- › **HSK Chinese Proficiency Test.**

## Traffic and transportation

### Metro

Shanghai has 14 Metro lines. Ticket fares range from CNY3–11 per trip. You can use your metro card (see below) or buy one-way tickets or day passes. Remember to swipe in and out at entries and exits. For timetables, visit the [Shanghai Metro](#) website.

Shanghai's Public Transportation Card (metro card) is widely accepted on all public transportation vehicles and facilities including maglev, buses, metro, ferries, taxis and a number of parking lots. Buy your metro card at metro station service centres, airports and railway stations, or check [Apple's Guide to Use Express Transit with Apple Pay in Beijing and Shanghai](#) to add a NFC virtual card to your iPhone or Apple Watch.

### Bus

You can check real-time bus schedules at bus stops or use the '上海公交' (Shanghai Bus) app on iOS App Store. Swipe or buy a ticket on the bus, this is usually CNY2 per trip.

### Taxi

Headlights in green indicate the taxi is ready to hail; red means the taxi is reserved or not operating; and no headlights indicate the taxi is occupied. Due to the emergence of ride sharing services, sometimes empty taxis do not stop for hailers. Go to the nearest hotel to ask for a doorman's help if you're having trouble. After you get in, give directions to your destination using a combination of two cross roads (e.g. the Landing Pad is at West Yan'an Road by North Urumqi Road). It's always useful to show the driver the address in Chinese or a pin on your navigation app.

### Walking or biking

In Shanghai, pedestrians enjoy the highest right of passage and this is reinforced by human and electronic police forces. However, do not try to jaywalk as there are cameras and facial recognition technology in place to capture and fine jaywalkers.

Biking in Shanghai is common as locals prefer to use mopeds for efficient transportation. Bike sharing is also popular for short trips. However, pay attention to road instructions as cycling is prohibited on a number of main roads. Dangerous riding behaviours including riding on the wrong side of roads and across pedestrian walkways are subject to a fine or confiscation of the vehicle. A helmet is recommended but not mandatory when riding.

### Navigation app

Apple's native Map app can be accessed in Mainland China with ease. Search the address in English for driving, commuting or walking routes. Google Maps cannot be accessed, and local Baidu Maps do not provide services in English.

### Maglev

The Maglev pilot line connects Pudong Airport and Long Yang Road Station in Pudong New District. Trains leave every 20 minutes during the day and a one-way ticket will cost CNY50 or CNY40 with a metro card. You will need to swipe in and out when entering and exiting stations.

### Driving

International drivers' permits are not valid in China. Foreigners who can legally stay in China for more than 90 days per entry can apply for a Chinese driver's licence after taking the regulations and road tests.



## Inter-city travel

### Airports

Shanghai has two airports – Hongqiao Airport (SHA) and Pudong Airport (PVG) – both have two terminals. Double check the airport and terminal with your airline before you travel as a one-way trip from one airport to the other would take at least an hour. Shuttle buses between terminals within one airport would normally take 15 minutes. Check-in counters close 45 minutes before departure time and security checks may take a while.

### High-speed rail

The bullet train network spans more than 20,000 kilometres and connects all provincial-level jurisdictions. Shanghai has three passenger railway stations – Shanghai Station (Jing'an District), Shanghai Hongqiao Station (next to Hongqiao Airport), and Shanghai South Station (Southwest Shanghai).

High-speed trains normally arrive and depart from Hongqiao Station but some trains are from Shanghai Station, always check in advance. You can order train tickets online or via mobile. Passengers purchasing tickets using non-Chinese IDs must present their photo ID at a counter at the railway station to get the paper-based ticket.

## Security and emergency

Go to the [Smart Traveller website](#) to check recommended safety precautions and relevant self-assist information.

Emergency contacts:

- › Police: 110
- › Fire: 119
- › Ambulance: 120 (for health-related situations; contact your insurance company to get more information on receiving care and making claims)
- › Consular Emergency Centre (CEC) in Canberra: 1300 555 135 (calling from AU), +61 2 6261 3305 (calling from overseas), or by SMS on +61 421 269 080
- › Australian **Embassy, Beijing**: 21 Dongzhimenwai Dajie, Sanlitun, +8610 5140 4111
- › Australian **Consulate General, Shanghai**: L22 CITIC Square, 1168 Nanjing Xi Lu, +8621 2215 5200
- › Australian **Consulate General, Guangzhou**: L12 Development Centre, 3 Linjiang Road, +8620 3814 0111
- › Australian **Consulate General, Chengdu**: L27 Square One, 18 Dongyu Street, +8628 6268 5200

Beware that Chinese police offices and branches have different division of responsibilities. The emergency line for police (110) should always be your first contact in an emergency e.g. if you are hit by a car, do not leave the scene, dial 110 right away and wait for a police officer at a nearby safe spot.



## Events and networking

Shanghai is one of the world's largest business hubs, with a large expat and foreign business workforce engaged in large firms, startups and everything in between. Shanghai has a variety of networks and support organisations for foreigners to get involved with.

### › **The Australian Chamber of Commerce Shanghai (AustCham Shanghai)**

AustCham Shanghai is the peak body for Australian business in China. A membership-based organisation, AustCham Shanghai represents more than 400 businesses and individuals providing support, education, advocacy and business services.

### › **The Shanghai Expatriate Association (SEA)**

SEA is a non-profit, multinational, member-based organisation. It was established to provide a social and cultural network for expats and their families in Shanghai, and is one of the largest groups of its kind in China. SEA is committed to enriching the China experience for expats living in and around the greater Shanghai area and welcomes any foreign passport-holder as a member.

### › **Advance in China**

Advance is the largest network of global Australians and university alumni worldwide. Advance's mission is to engage, connect and empower leading global Australians and alumni, to reinvest new skills, talent and opportunities into Australia.

In terms of additional networking opportunities, we recommend keeping a close eye on all incubators, accelerators and co-working spaces throughout Shanghai on Eventbrite or local event sites. It's a highly dynamic field with a considerable number of foreign players and funding flowing through the ecosystem. The community often runs networking and pitching events across the city, and often collaborates with key industry partners such as Startup Grind and Startup Weekend.

**“The Landing Pad experience in China gave us invaluable insight, along with the knowledge of what we need to do to be ready for this market.”**

Jason Lu, CEO, KOPA

## Useful apps

- › **WeChat:** This 'super app' encompasses everything. It's a message, video and voice-calling device, mobile payments platform, photo-sharing site, and an online shopping platform all rolled into one.
- › **Alipay:** Like WeChat Pay, only more widely accepted at a larger number of retailers throughout China. It's recommended you set up an Alipay and WeChat Pay account simultaneously.
- › **Eleme/Sherpa:** Eleme (饿了么) is only available in Mandarin and can deliver a wide variety of foods straight to your door. Sherpa is available in English and is designed for expats wanting higher-class international dining options.
- › **Mobike/Ofo:** Both apps provide easy, cashless bike sharing across a number of large Chinese cities. Once a deposit is paid and the account is set up, bikes can be scanned via a QR code and used immediately.
- › **Bonapp:** A comprehensive guide to Shanghai's restaurant and bar scene.
- › **Air Matters:** Real-time air quality index for more than 400 cities in China. The data comes from the US State Department and the China Ministry for Environmental Protection. A great way to check if the air in your location is healthy or dangerous.
- › **DiDi:** The Chinese Uber offers multi-range services for limos, minivans, sedans, carpools or taxis.
- › **Shanghai Metro Official Guide:** A useful app to map out and plan your metro journey in Shanghai.
- › **Booking.com:** Best way to view accommodation online in China. Widely used, trouble-free.
- › **Airbnb:** Local homes and experiences.

# HOW THE AUSTRALIAN GOVERNMENT CAN ASSIST

## Austrade

The Australian Trade and investment Commission – Austrade – contributes to Australia’s economic prosperity by helping Australian businesses, education institutions, tourism operators, governments and citizens as they:

- › develop international markets
- › win productive foreign direct investment
- › promote international education
- › strengthen Australia’s tourism industry
- › seek consular and passport services.

Austrade provides information and advice that can help you reduce the time, cost and risk of developing international markets. We also administer the Export Market Development Grants scheme and offer a range of services to Australian exporters in growth and emerging markets.

W [austrade.gov.au](http://austrade.gov.au)  
[australiaunlimited.com/landing-pads](http://australiaunlimited.com/landing-pads)

E: [info@austrade.gov.au](mailto:info@austrade.gov.au)

 [@LandingPadsAu](https://twitter.com/LandingPadsAu)

 [AustralianLandingPads](https://www.facebook.com/AustralianLandingPads)

## Grants and incentives

In addition to the Landing Pad Program, Australian entrepreneurs should also consider the following grant and tax incentive programs before entering the Chinese market. This list is not comprehensive and entrepreneurs should conduct their own research into available grants and support programs including at state and local government levels.

- › **Export Market Development Grants** (EMDG)
- › **Research and Development** (R&D) Tax Incentive
- › **The Entrepreneurs’ Program**
  - **Accelerating commercialisation**
  - **Business management**
  - **Incubator support**
  - **Innovation connections**
- › **CSIRO Innovation Connections Program**
- › **EFIC**



## Further information

- › Austrade China podcast China podcast China podcast: [seneca.whooshkaa.com/shows/austrade-china-podcast](https://seneca.whooshkaa.com/shows/austrade-china-podcast)
- › China's startup ecosystem infographic: [australiaunlimited.com/ArticleDocuments/240/China%20startup%20ecosystem%20infographic%202017.pdf.aspx?Embed=Y](https://australiaunlimited.com/ArticleDocuments/240/China%20startup%20ecosystem%20infographic%202017.pdf.aspx?Embed=Y)
- › Incubators – China Torch Centre: [chinatorch.gov.cn/fhq/index.shtml](http://chinatorch.gov.cn/fhq/index.shtml)
- › Visa information – [au.china-embassy.org/eng/ls/vfc/t1038740.htm](http://au.china-embassy.org/eng/ls/vfc/t1038740.htm)
- › Visa application service centres – [visaforchina.org](http://visaforchina.org)
- › Visa exemption circumstances – [au.china-embassy.org/eng/ls/vfc/t1038742.htm](http://au.china-embassy.org/eng/ls/vfc/t1038742.htm)
- › APEC Business card travel – [homeaffairs.gov.au/busi/trav/apec](http://homeaffairs.gov.au/busi/trav/apec)
- › Immigration Department, Hong Kong SAR – [immd.gov.hk/eng/index.html](http://immd.gov.hk/eng/index.html)
- › Public Security Police Force, Macau SAR – [fsm.gov.mo/psp/eng/Service\\_Imm.html](http://fsm.gov.mo/psp/eng/Service_Imm.html)
- › IP Australia – [ipaustalia.gov.au](http://ipaustalia.gov.au)
- › Protecting your IP in China guide – [ipaustalia.gov.au/sites/g/files/net856/f/protecting\\_your\\_ip\\_in\\_china\\_guide.pdf](http://ipaustalia.gov.au/sites/g/files/net856/f/protecting_your_ip_in_china_guide.pdf)
- › Asialink business etiquette tips – [asialinkbusiness.com.au/china/conducting-business-in-china/chinese-business-culture](http://asialinkbusiness.com.au/china/conducting-business-in-china/chinese-business-culture)
- › Income tax treaties – [treasury.gov.au/tax-treaties/income-tax-treaties](http://treasury.gov.au/tax-treaties/income-tax-treaties)
- › China-Australia Free Trade Agreement – [dfat.gov.au/trade/agreements/chafta/Pages/australia-china-fta.aspx](http://dfat.gov.au/trade/agreements/chafta/Pages/australia-china-fta.aspx)
- › China Venture Capital – [chinaventure.com.cn/cmsmodel/report/detail/1411.shtml](http://chinaventure.com.cn/cmsmodel/report/detail/1411.shtml)
- › Asialink business registration summary – [asialinkbusiness.com.au/china/getting-started-in-china/registering-a-business-in-chinahttps://asialinkbusiness.com.au/china/getting-started-in-china/registering-a-business-in-china](http://asialinkbusiness.com.au/china/getting-started-in-china/registering-a-business-in-chinahttps://asialinkbusiness.com.au/china/getting-started-in-china/registering-a-business-in-china)
- › Australian Government Smart Traveller Website – [smartraveller.gov.au/Countries/asia/north/Pages/china.aspx](http://smartraveller.gov.au/Countries/asia/north/Pages/china.aspx)
- › Shanghai Metro timetable – [shmetro.com](http://shmetro.com)
- › Australian Embassy, Beijing – [china.embassy.gov.au](http://china.embassy.gov.au)
- › Australian Consulate-General, Shanghai – [shanghai.china.embassy.gov.au](http://shanghai.china.embassy.gov.au)
- › Australian Consulate-General, Guangzhou – [guangzhou.china.embassy.gov.au](http://guangzhou.china.embassy.gov.au)
- › Australian Consulate-General, Chengdu – [chengdu.china.embassy.gov.au](http://chengdu.china.embassy.gov.au)
- › Australian Chamber of Commerce, Shanghai – [austchamshanghai.com/en/home](http://austchamshanghai.com/en/home)
- › Shanghai Expatriate Association – [seashanghai.org](http://seashanghai.org)
- › Advance in China – [advance.org](http://advance.org)

# AUSTRALIAN LANDING PAD SHANGHAI

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Australian Government

Australian Trade and Investment Commission

