INNOVATION AND ENTREPRENEURSHIP
ChemChina opened a working conference on science & technology to stimulate young employees to begin their startups. Chairman Ren Jianxin made a speech to show his support for startups. Incentive policies and seed funds are also staged out.

COFFEE, TEA AND DREAMS
Premier Li Keqiang paid a visit to a coffee shop for makers on Inno Way, a street next to ChemChina headquarters, showing the country’s determination to encourage startups.
ChemChina opened its working conference focusing on science and technology and young professionals on May 23. Chairman Ren Jianxin said the conference was expected to speed up the company’s implementation of innovation-driven strategy against the background of the country’s national policy to encourage innovation.

Prime Minister Li Keqiang in March defined the concept of popular entrepreneurship and innovation as one of two engines of China economic reform and growth maintenance. Ren made a keynote speech on the conference, encouraging ChemChina’s young employees to practice innovation and entrepreneurship. He said he believes the entrepreneurship and innovation of young employees could inspire the company’s creativity, thus providing a new engine for ChemChina’s industrial restructuring and upgrading in the “new normal” economy.

Ren analyzed the new environment and the challenges the company faces, saying only by mastering key technologies could the company advance further.

To mine the golden minerals of innovation and entrepreneurship is a shortcut for the company’s strategy, he said. In 1984, Ren established Bluestar with a loan of 10,000 yuan and the “Lan-5” cleaning technique, leading a team of seven people. It was a classic case of entrepreneurship and Ren is a legend in the field.

Ren said ChemChina would implement new policies and set up platforms to help entrepreneurs inside the company. The company will provide a complete system for startups, including training, incubators, brand promotion and recruitment. ChemChina plans to support 100 to 200 startups by offering funds, talented staff and research equipment.

The Chairman also stated the principles, main tasks and measures for employee innovation and development in the new environment. Firstly, innovation and entrepreneurship should comply with the company’s direction of development transformation. “Innovation and entrepreneurship should generate impetus for the company to get rid of its outdated modes,” he said.

Ren said innovation and entrepreneurship should stay in line with the company’s industrial adjustments, so as to make full use of company resources and to achieve the best results. Such innovation and entrepreneurship could be carried out in creative organizations inside or outside the company, to have a free flow of intelligence.

Ren said the company should foster a good corporate culture for startups, to motivate employees, inspire passion and provide sufficient support such as capital, skilled personnel and superior scientific and research conditions. “The employees, especially those working on the front line, can start with small inventions, small creations, small innovations, small designs and small suggestions,” Ren said, adding that he hoped the benefits of high-quality professionals could be realized at all levels.

Ren also elaborated on detailed incentives to support innovation and entrepreneurship, including funding, platforms, personnel, technology and organization.
ChemChina launches incentives and funds for startups

ChemChina has created incentives to implement innovation-driven strategy, stimulate the creative energy of employees and forge a new development engine.

According to Jin Gong, director of ChemChina’s Science and Technology Department, ChemChina will encourage employees in internal entrepreneurship and innovation, offering them support through funds and other resources.

ChemChina has adopted the mode of “group guide, financial support and market driving” to support entrepreneurship and innovation, he added.

ChemChina will offer 100 million yuan to support 100 to 200 startups initiated by ChemChina employees. Each startup can receive funds of 50,000 yuan to 1 million yuan. The group will hold no more than 49 percent of each new enterprise, with employees holding the rest.

According to ChemChina’s investment pledges, at least five to 10 individual shareholders and employees should come from ChemChina when a new entity is established. Other than that, the entity can hire personnel outside ChemChina for operations.

Research and development facilities, including instruments and equipment, will be offered preferentially to these startups. Unused factory buildings, equipment and materials owned by subsidiary enterprises will be preferentially leased and sold to these entrepreneurs.

Jin said he expected the entrepreneurship and innovation to achieve four targets, to combine R&D and economy; to combine R&D projects and industrial needs; to combine innovation and productivity; and to combine research contributions and incomes.

Feng Yimin, chairman of ChemChina Asset Corporation, added that the 100-million-yuan fund belongs to angel fund, which will support ChemChina’s startups at seed stage.

Based on its asset corporation, ChemChina plans to set up a specialized entrepreneurship and innovation fund management company with the initial 100 million yuan.

The fund management company will continue to finance capital from the market, with an initial target of 200 million yuan, up to 400 million yuan.

“Being a ‘baton’ of the angel fund, the fund mainly invests in startups which have good performance in the ‘seed stage’ and have potential for value increase,” Feng said.

Investment will also be increased if the startups have listing potential.

Feng said “I am Maker”, a ChemChina internal internet communication platform for young entrepreneurship and innovation project teams, will be launched by the group’s science and technology department, the Youth League Committee and the fund company.

The platform will be a communication channel to share experience and expand networks via topic salons and lectures. It will activate internal resource potential and leverage synergies within ChemChina, to help startups communicate and develop together.

Startups can also exhibit their ideas through the platform. They can collect ideas and user experiences for products or projects and then improve their innovations.

The platform can provide young entrepreneurs with a one-stop service for entrepreneurial processes, including professional counseling, entrepreneurship training, business plan consulting, financial support and management outsourcing, according to Feng.

Investment guide for the fund

**Conditions:**

- Meet the “3+1” development strategy of ChemChina, or have direct synergies with businesses of ChemChina.
- Have an “outstanding leader” and core team.
- Have business models based on innovative products or services and have market leadership.
- Boast markets with huge potential and with entry barriers.

**Focuses:**

- Own intellectual property rights, which may become patents and have commercial value.
- Have complete technologies, which have advantages in domestic and international markets.
- Promote traditional industry upgrading and technological progress after re-innovation of world leading technologies.
- Solve practical problems that can be applied widely.
- Substitute imports and facilitate localization of equipment.
Nanjing 7425 leads future with technology

Nanjing 7425 Rubber & Plastics Co Ltd, affiliated with ChemChina, is focused on the design, production, sales and service of hose assemblies and hose moulds. The products are used in cars and trains, industries that have seen robust growth in the past decade in China.

Like many State-owned enterprises, Nanjing 7425 suffered from backward production and insufficient scientific investment, according to Ju Jianhong, general manager of the company. He said the company’s weakening competitiveness made it miss out on market opportunities. China’s auto market has maintained high-speed development since 2001, with yearly vehicle output of about 2.5 million in 2001, to nearly 24 million in 2014.

With the implementation of the “One Belt, One Road” initiative, it is expected that during the next five years there will be a golden period of increased development in the railway industry, which would provide more opportunities for the railway rubber products.

“We have been determined to change the situation since 2013,” said Ju.

On the basis of domestic development of the auto market and development promise it would bring for the rubber industry, Nanjing 7425 brought forward its development strategy of “to lead future with technology and to drive development with innovation” in 2013.

According to the company’s investigation, it lagged behind in research investment, especially when compared to peers such as Zhuzhou Times New Material Technology Company, Zhongding Holding Group, Tianjin Pengling Rubber Hose Company and Shandong Meichen Company.

Nanjing 7425 began to invest more in research, said Ju.

A research institute was established in 2014 and more top-level professionals were brought in to set up workstations and competitive recruitment for staff started.

The company’s research investment accounted for 1.27 percent of sales in 2012. The percentage increased to 2.8 percent last year and is expected to reach 5 percent in 2015.

The company has also helped compile national and industrial standards and applied for 38 patents, with 27 of them approved.

Since 2014, the company has employed eight doctors and about 40 graduates, bringing more energy to the company’s research team.

The average age of the company’s employees dropped from 46 in 2012 to 32. Ju said the whole company is now more full of energy and good development momentum.

“We achieved the success of the research project for many high-end automobiles and high-speed railway products as the result of the use of new material, new techniques and new technology,” said Ju.

With the upgrading of the company’s innovation, the sales revenue of the new products is increasing. The percentage of new product sales increased from 5.2 percent in 2013, to 9.6 percent in 2014. It is expected to reach 15 percent in 2015.

The profile of clients Nanjing 7425 serves have also been upgraded, said Ju.

The company’s international customers include General Motor, Volkswagen, Citroen, Peugeot, Fiat, Nissan and Mazda. Domestic customers include First Auto Works, Dongfeng, Jiefang, Changan, Iveco, Chery, JAC, CSR and CNR.

The company plans to continue to adjust its industrial structure and guide the enterprise to top end of the industry, said Ju, adding that the company will strengthen R&D, market capacity and improve the added value of products.

The company is building a new production base with automatic and intelligent production lines. The base will also boast zero-waste emissions and resource saving processes and techniques.
Adama provides creative solutions for farmers

The European Union issued a regulation in May 2013, prohibiting the use and sale of seeds treated with plant protection products containing three neonicotinoid insecticides, including clothianidin, thiamethoxam and imidacloprid.

The move, which would help protect bees and insects, triggered media and scientific attention, as well as high-profile NGO activity.

Increased global restrictions and limitations imposed on plant protection products challenges the development of agriculture. Farmers are left with fewer solutions to use to grow high-quality food while maximizing crop yields and cost/benefit ratios.

Costs to introduce new plant protection products and new solutions into the markets to replace the restricted or banned products have become higher, especially in the EU.

To help farmers overcome these challenges, Adama plans to create an internal process to reach farmers with new solutions to create simplicity in agriculture.

Based on Adama's Farmer Centric Approach, the company hopes to develop advanced products that bring benefits and additional value to farmers.

The advanced products would provide a one-shot solution, which would be effective against a large number of pests and applicable to many crops. The products would also be flexible in terms of application timing and would be safe for humans and the environment. They would have to pass all the current restrictive models of risk assessment. For example, provide long-lasting control of the target pests while maintaining pollinators' safety.

To develop such products, Adama screened existing chemistry groups for molecules with unutilized potential that gave way to opportunities to develop and position Adama advanced products.

During the process, Adama hopes to find unique mixtures, new uses, pests, crops, formulation types, methods of application and better application times. Adama plans to evaluate the new products constantly under the global regulatory process, by referring to scientific publications from official bodies and concerns and questions raised by EU member states.

To fulfill the new product development, Adama plans to create multidiscipline project teams, formed with global regulatory and development managers, strategy managers, chemists, experts within the relevant countries and external and internal experts in residues, toxicology and environmental fate.

The teams will be familiar with local agronomical practices and farmers' needs and in direct contact with the authorities.

Using the cross-company teams will help Adama find creative solutions to address regulatory hurdles efficiently and within time and budget constraints.

Innovation in development and regulatory processes in the highly regulated and political environment can only be realized when a professional team from different fields of knowledge is put together.

The company should define clear goals to the team and constantly monitor its strategy and progress during the project's lifecycle.

Adama is able to position its new brand globally with advanced products by constantly adopting unique working processes to bring forward new and existing products and maximize their potential to serve farmers.

(AMIR PHILOSOPH )
Bluestar makes its debut at CHINAPLAS 2015

Bluestar showed its plastic and rubber products and solutions at CHINAPLAS 2015, the 29th International Exhibition on Plastics and Rubber Industries. Bluestar's exhibition at the event covered an area of 180 square meters and ran from May 20 to 23 in the China Import and Export Fair Complex, Guangzhou.

As Asia's largest and the world's second largest plastics and rubber trade fair, CHINAPLAS broke its past records again, with the total exhibition area reaching 240,000 sq m and the number of exhibitors exceeding 3,200.

Bluestar, a global new chemical materials company, took part in the industry exhibition as a whole with its affiliates, a move to upgrade its brand and influence. Its exhibition area was divided into several blocks including engineering plastics, silicones and chloroprene rubber.

Bluestar also set up an interactive area to display its e-commerce systems. By touching screens and making online orders, visitors were able to monitor the status of orders and see logistics updates onsite.

Work starts on rubber products R&D center

Nanjing7425 Rubber & Plastics Co Ltd recently began construction of its research and development center for rubber products.

The center, which will cover 80,000 square meters and cost $30 million yuan, is expected to be finished in two years. According to plans, it will be equipped with automatic and intelligent production lines and will boast zero-waste emissions and resource-saving processes.

Silk road fund joins chemchina in industrial investment in Pirelli

The Silk Road Fund, the recently launched Chinese investment fund, signed an equity investment agreement with ChemChina to hold a 25 percent stake in CNRC International Holding (HK) Limited on June 5.

CNRC HK was established to acquire, through its affiliates, Pirelli shares owned by Camfin and thereafter to launch the Mandatory Tender Offer for Pirelli ordinary shares and the Voluntary Tender Offer for Pirelli savings shares, both at €15.00 per share, as announced by Camfin on March 22.

The relevant Chinese authority approved the acquisition while the global antitrust review was underway. The acquisition of the Camfin shares is expected to be completed during summer 2015.

The agreements indicate that ChemChina, the Silk Road Fund, Pirelli management and other partners involved in the transaction will join forces in the long-term industrial investment in Pirelli, as they are all committed to working together to build a market leader in the global tire industry.

The Silk Road Fund is a $40 billion medium to long-term investment fund that was established in Beijing in December 2014. It makes outbound investments through both equity and debt financing. The fund focuses on infrastructure, energy, industrialization and financial cooperation investments that are vital to the connectivity of the Chinese economy with the rest of the world.

New tire store to boost Russia presence

Aeolus Tire Co Ltd opened its first truck tire flagship store in Russia on May 29. About 100 people, including heads from the Russian Association of Logistics, local distributors and media attended the opening ceremony.

The store, located in the transportation hub of St. Petersburg, is the city's largest tire service station for trucks. The store, which covers 100 square meters, boasts top equipment, has five lanes working simultaneously and has storage capacity for 40,000 TBR tires.

The store's opening is expected to provide a complete solution of sales and service to Aeolus customers and also increase brand recognition in Russia.

Unmanned submersible takes the plunge

Ten trucks waited at the gate of Bluestar (Beijing) Chemical Machinery Co Ltd, ready to deliver two sets of caustic soda evaporators. The two evaporators, made up of 11 pieces of equipment and ordered by the Czech Republic's Spolchemie Co, would be delivered to the European Union country by traveling along the "One Belt, One Road" route.

Bluestar (Beijing) Chemical Machinery had to overcome several challenges during its contract with Spolchemie Co. The delivery time was shortened by nine months and the expected product standards had big differences between China and the EU.

The company finished the project on schedule by working on design, purchase and production simultaneously. More than 40 engineers and technicians were trained up for new qualifications for the contract.

The company views the successfully delivery of the equipment as an indication that Bluestar (Beijing) Chemical Machinery has gained the ability to foray into the EU markets.

Sea Horse, China's first home-grown unmanned submersible that can dive down to a depth of 4,500 meters via remote control, entered the water for its first test run. ChemChina's Marine Chemical Research Institute developed the submersible's buoyancy materials.
Zheng Heng, a young man from the Southwest Research & Design Institute of Chemical Industry Co Ltd, said he feels the power of innovation.

After graduating with a PhD from Dalian Institute of Chemical Physics, under the Chinese Academy of Sciences, in 2008, Zheng joined the company in Chengdu, the capital of Sichuan province.

Starting as a project leader and now acting as the general manager’s assistant, Zheng said innovation is the foundation for scientific research institutes and the driving force for sustainable development of enterprises.

Zheng has performed well in the past two years, while he has been responsible for industrialization of the institute’s coke oven gas methanation technology.

About 20 sets of equipment Zheng’s team created were sold for a total of 340 million yuan, topping the domestic market.

Three of them have been put into operation, including the world’s largest one, which produces 100,000 Nm3 of coke oven gas per hour to make LNG via methanation.

“Forward-looking research is key to the success of coke oven gas methanation technology, said Zheng. The institute began to develop the related technology sustainably from 2006, as the institute believes the country will attach more importance to environmental protection. While other companies devoted themselves to turning coke oven gas into methyl alcohol, the institute decided to develop the technology to make liquefied natural gas via coke oven gas methanation. Liquefied natural gas is regarded as a clean energy.

Outside resources and cooperation on innovation will also speed up its development and application, said Zheng.

China National Offshore Oil Corporation, China’s largest producer of offshore crude oil and natural gas, joined the institute’s development of coke oven gas methanation technology, according to Zheng. CNOOC helped solve the shortage of scientific research funds by providing a 40-million-yuan investment.

“CNOOC also helped us to enter the target market quickly by supporting the technical promotion with its experience,” Zheng added. The corporate culture and management experience from CNOOC also benefited the institute.

Innovation is not limited to technology, Zheng said and added that human resource management innovation is another important part of scientific research and industrial projects.

During the development of the coke oven gas methanation technology, retired experts of the institute helped the young technicians with their experience and dedication. They taught the young people their skills and kept an eye on the work quality control, said Zheng.

The young workers grew up and learnt quickly through technical discussions, forum lectures and learning by doing. The institute also created a fair and harmonious environment for professionals, stimulating their enthusiasm and creativity.

“We adjusted the appraisal and incentive system and offered multi-drivers for talents, including power incentives, honor motivations, target incentives, participation motivation and training incentives,” said Zheng.

After developing the coke oven gas methanation technology, the institute hopes to extend and improve the industry chain by seeking new growth points and achieving sustainable development.

“Products are the carrier of technology and the platform for communication with customers. We should continue to expand the scope of business and expand the industry based on the core technology and products,” Zheng said.
Coffee, tea and dreams

Outside a coffee shop on Inno Way, a street next to the headquarters of ChemChina, young people wait to take photos against the backdrop of a screen showing Premier Li Keqiang drinking coffee with young entrepreneurs. The premier visited the coffee shop on May 7, and ever since a nearby wall has been covered with banners calling on people to start their own businesses.

Along the nearly 200-meter-long street there are several other coffee shops, where people meet to talk about investments, projects and big ideas. Dozens of lectures for startup companies are held daily and it’s not unusual to see people reading books like Zero to One, written by PayPal co-founder Peter Thiel.

Inno Way is in Beijing’s Zhongguancun area, which is sometimes called China’s Silicon Valley. It has become the hub for entrepreneurial activity with the help of government support.

Hao Yi’ou delivered a speech about his startup at 3W Coffee when the premier visited. "We feel spiritually supported," said the 27-year-old, who resigned from a financial company that paid him more than 300,000 yuan ($48,400) a year, much higher than the city’s average annual salary, in December.

"The crazy increase of young entrepreneurs in the past two months is incredible. I really feel it," Hao said and added most of the emerging startups offered mobile web or online services. His Beijing-based company, Huchill, allows travelers to pay for their trips in installments. The travel service is now offered on WeChat, a popular social media app.

The company’s other co-founders - Dong Bo, an MIT graduate, and Chen Guo, a Peking University graduate - are Hao’s peers, who also resigned from well-paid jobs to launch the startup.

The six-month-old company started providing services in March. Revenue in April alone reached 1 million yuan and the company’s user base has already expanded to thousands of people.

"It’s the best time for entrepreneurs. Young people are encouraged to have their own businesses. Beijing is perfect for Internet startups," Hao said.

According to data from the management committee of Zhongguancun, the average number of startups created in the area each day was 49 last year, three times that of in 2013.

Garage Coffee alone has seen about 15,000 startups looking for investors since 2011, according to the cafe’s CEO Jin Zisen.

The entrepreneurship boom has also hit other big cities like Shenzhen, Shanghai and Chengdu. Unlike Beijing’s Internet-friendly environment, South China’s Shenzhen, once called the world’s factory, has strengths in cultivating startups that are focused on intelligent hardware.

Shi Chi returned to China from Silicon Valley in the United States to build up a virtual reality-devices company called uSens. Before his return in 2013, Shi set up several companies in the US.

The entrepreneur, who has a doctorate in physics, said his return followed China’s startup wave.

"Lots of Chinese who used to work in Silicon Valley chose to return to China to set up their businesses because China has the largest industry chain and consumer market," said Shi.

The 34-year-old set up a factory for his high-tech devices in Shenzhen. The project won crowd funding of more than $300,000 within two months.

"It’s great that China has emphasized innovation recently although it’s just the beginning," Shi said.

He said he felt that the business environment for startups was improving because China has started focusing more on innovation.

"It’s the best time for innovators and entrepreneurs," said Wang Shenglin, founder of Beijing Maker Space, a major group of China’s young entrepreneurs.

In April, Beijing Maker Space put its promotional post on the digital screen in Times Square in New York.

Now it is expanding in other cities and its Tianjin branch is already in operation.

Wang said that, in the next five years, China’s young innovators will have developed an era that will transform all traditional industries with the Internet and mobile Web.