



OTTO VON GUERICKE
UNIVERSITÄT
MAGDEBURG



FACULTY OF ECONOMICS
AND MANAGEMENT

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20615 Doing Business with China (ST 2012)

Final Exam

Examiner: Prof. Dr. Lifang Zhang

Name: _____

Student ID: _____

Study Program: _____

You will find the problems for the exam below. Before you start answering the questions, please consider the following general advice:

1. Use the theoretical tools and terminology you have learned in class and from the textbook.
2. When answering essay type questions, make sure there is a clear structure in your argument.
3. Use the time you have! If you are ready much earlier than we planned, you should ask yourself whether you forgot something.
4. Remember: people have to be able to decipher what you write.
5. Leave a margin for our comments, so we can give you a more detailed feedback than just the number of points.
6. You have **1 hour to reach a maximum of 100 points**.
7. You should solve all problems, Problem 1 and Problem 2!
8. Make sure that you turn in this problem set as well as the exam paper at the end of the exam.
9. You are welcome to use a dictionary.

Good Luck!

Problem 1: Multiple Choice (max. 40 points)

Please check only one answer per question. You will get two (2) points for a correct answer. For an incorrect answer or not answering a question (not checking anything) you will get zero (0) points for that particular question.

1. What is the capital of China?
 a) Shanghai
 b) Beijing
 c) Hongkong
 d) Xiamen
2. Among the key figures in China's history, who has led China's economic reform that transforms it from a planned economy into a market-oriented economy?
 a) Mao Zedong
 b) Deng Xiaoping
 c) Zhuge Liang
 d) Confucius
3. Which is the official language in China now?
 a) Mandarin
 b) Cantonese
 c) Shanghai dialect
 d) Minnan dialect
4. Which festival is the most important one in Chinese culture?
 a) Spring Festival
 b) Mid-Autumn Festival
 c) Lantern Festival
 d) Dragon Boat Festival
5. Which one is the legislative authority in China?
 a) The State Council
 b) National People's Congress
 c) Central Military Commission
 d) Chinese People's Political Consultative Conference

Please turn over →

- 6 Measured by GDP, China ranks No. in the world?
- a) 1
 b) 2
 c) 3
 d) 4
- 7 When did China start to adopt the reform and opening up policy?
- a) 1949
 b) 1978
 c) 1992
 d) None of above
- 8 Which bank is China's Central Bank?
- a) The People's Bank of China
 b) The Bank of China (BOC)
 c) The China Development Bank
 d) The Export-Import Bank
- 9 There are two official stock exchanges in China. They are located in
- a) Beijing and Shanghai
 b) Beijing and Guangzhou
 c) Shanghai and Shenzhen
 d) Shanghai and Guangzhou
- 10 After 2008, the two enterprise income tax regimes are consolidated into a single one, the flat rate is
- a) 15%
 b) 25%
 c) 33%
 d) None of above
- 11 In China, all individuals are allowed a standard allowance (deduction) of RMB 3,500 a month from wages and salaries. Foreign individuals are entitled to an additional allowance of
- a) RMB 1,300 per month
 b) RMB 1,500 per month
 c) RMB 2,000 per month
 d) RMB 2,500 per month

- 12 In China, which tax is levied on tangible goods, certain utilities (electricity, thermal power and gas), but excludes real estate properties?
- a) Value-added tax
 b) Business tax
 c) Land appreciation tax
 d) Stamp tax
- 13 If you open a restaurant in China, which tax you need to pay for the income?
- a) Value-added tax
 b) Business tax
 c) Land appreciation tax
 d) Stamp tax
- 14 Which one of the following item is likely to be a good gift for Chinese?
- a) Clock
 b) Scissor
 c) White flower
 d) Quality wine
- 15 In business negotiation, if the Chinese negotiator regards the negotiation as a zero-sum game, then he probably acts like a
- a) Maoist bureaucrat in learning
 b) Confucian gentleman
 c) Sun Tzu-like strategist
 d) None of above
- 16 Which one of the following is not the strength of Shanghai?
- a) Convenient location
 b) Good transportation
 c) Efficient local authority
 d) Low living and labor cost
- 17 For foreign invested enterprises in China, which legal structure is not allowed to do any direct business such as sales?
- a) Equity joint venture
 b) Representative office
 c) Wholly Foreign Owned Enterprises
 d) Cooperative joint venture

- 18 Which festival is called "Chinese Valentine's Day" and good for promotion of romantic gifts?
- a) Double Seventh Day
 - b) Mid-Autumn Festival
 - c) Lantern Festival
 - d) Spring Festival
- 19 What is the current working hours per week in China?
- a) 48 hours
 - b) 44 hours
 - c) 40 hours
 - d) None of above
- 20 Which one of the following training programs doesn't offer a formal degree?
- a) MBA
 - b) EMBA
 - c) EDP
 - d) None of above

Problem 2: Short Answer Question (60 points total, 15 points each)
Please answer all of the following questions briefly.

1. Suppose you plan to start a business in China. Choose a hypothetical industry for your business, and then decide on the location and legal structure. Explain briefly. (max. 15 points)
2. Use a well-known multinational company as an example and discuss the marketing mix it uses when it enters China. (max. 15 points)
3. What is "Guanxi"? How is it related to doing business with China? (max. 15 points)
4. In your eyes, what are the major differences between Chinese culture and German culture? Give a few examples to explain. Suppose you will be doing business with Chinese in the future, how will you manage these differences to your own benefit? (max. 15 points)

