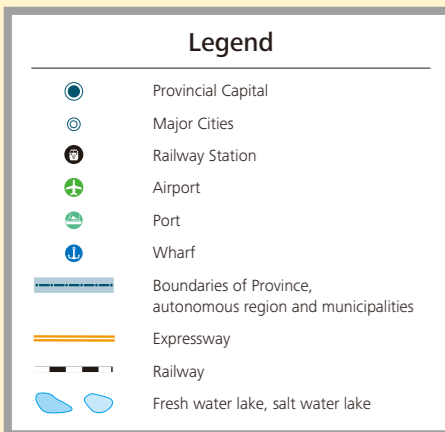




Research Report on the Investment
Environment of
Shanghai Jinshan Industrial Park

Geographic Position of Shanghai Jinshan Industrial Park



Preface

Shanghai Jinshan District (hereinafter "Shanghai Jinshan" or "Jinshan") is located in the southwestern part of Shanghai and is within a one hour drive from the major cities of the Yangtze River Delta. Jinshan is a gateway to the southwestern part of Shanghai, and is strategically located in the Hangzhou Bay industrial belt.

Shanghai Jinshan Industrial Park (hereinafter "Jinshan Industrial Park" or the "Park") has been in existence for 10 years. The Park is supported by the municipality of Shanghai and is able to take full advantage of the industrial infrastructure and resources in the environs of Shanghai and the neighboring cities of the Yangtze River Delta. Embracing the notion that "innovation-driven restructuring and development," Jinshan District has taken a leading role in the advanced manufacturing sector. Drawing impetus from the modern services sector, Jinshan District dynamically pursues opportunities in high and new technology and emerging strategic industries. By consistently increasing its capacity to attract new business, Jinshan District has contributed to the steady growth in the concentration of different industries in the region – the "industrial cluster effect."

Shanghai Deloitte Tax Ltd. ("Deloitte" or "We") has prepared this research report on the investment environment of Shanghai Jinshan Industrial Park. This report was written on an objective basis and was derived from professional research and analysis.

The report is designed to provide investors with relevant information about the factors that may influence their site-selection decisions. An independent investigation of the Jinshan Industrial Park was conducted using both quantitative and qualitative analysis, extensive field studies and interviews with representatives of major enterprises. The report was prepared with the investor's perspective in mind and focuses on five key elements of the investment environment in Jinshan Industrial Park:

- Government Policy and Government Services
- Environment for Business Cooperation
- Human Resources
- Infrastructure
- Living Environment

The studies conducted for the report indicate that Jinshan Industrial Park is in the initial stages of developing six key industry clusters: advanced equipment manufacturing; biomedicine; advanced materials; food processing; opto-electronics and innovative eco-printing. The Park can offer:

- Good government services
- A prime location
- Distinct industrial layout
- A well-established infrastructure

During the 12th Five-Year Plan Period, Shanghai will further accelerate the relocation of the manufacturing sector to suburb areas. Jinshan has already transformed itself into a major player in the development of Shanghai's advanced manufacturing sector. Its geographical advantages and well-established infrastructure have both played a role in building Jinshan into a district characterized by "an entrepreneurial spirit, pleasant living conditions and a harmonious atmosphere environment." Considerable effort continues to be devoted to making the Park competitive, and it is recognized that the key to its industrial success and urban vitality lies in a development program that is industry-intensive, ecologically sound and grounded in innovation and intelligence.

In the preparation of this report, strong support was received from the Jinshan Industrial Park Management Committee, as well as enterprises in Jinshan District. We would like to express our gratitude to the Committee for providing the statistics and data for use in the report and to thank the enterprises that participated in the research and interviews for their valuable suggestions and feedback.



Industry Clusters

- Lead sector: advanced manufacturing
- Supporting sector: modern service providers
- Developing sector: high and new technology and strategic emerging industries

Geographical Advantages

- A gateway to the southwest sector of Shanghai
- A strategic location on the Hangzhou Bay industrial belt
- Links to major cities in the Yangtze River Delta



Infrastructure

- Abundant supply of land
- Advanced platform for park planning
- Availability of collaboration with brand new industrial parks for construction purposes

Government Services

- Efficient and pragmatic service team
- People-oriented service philosophy
- Complete peer-to-peer professional support



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1. Overview of Jinshan

1.1 Overview of Jinshan: Introduction
1.2 Geographical Advantages
1.3 Economic Development
1.4 Foreign Investment

1.1 Overview of Jinshan: Introduction

Jinshan District is located in the southwest part of Shanghai on the northern side of the Hangzhou Bay. It provides ready access to southwest Shanghai and is conveniently located in the Hangzhou Bay industrial belt.

Shanghai has a well-established industrial base, a thriving international business environment and abundant human resources. By capitalizing on these features, as well as the integrated development of the Yangtze River Delta, Jinshan District has been able to leverage its geographical advantages and solid industrial foundation to rapidly boost the development of the advanced manufacturing sector. Looking forward, Jinshan District is committed to the development of strategic emerging industries and its evolution into an area characterized by "an entrepreneurial spirit, pleasant living conditions and a harmonious atmosphere."

Jinshan reaps infinite business opportunities
Jinshan neighboring the sea, welcomes diversity

— Government of Jinshan District, Shanghai



1.2 Geographical Advantages

The Yangtze River Delta: One of China's Most Dynamic Economic Circles

Shanghai lies at the center of the Yangtze River Delta, which is home to 22 cities, including Nanjing, Suzhou, Wuxi, Hangzhou and Ningbo. It is one of China's most dynamic economic regions.

In 2011, the GDP of the Yangtze River Delta exceeded RMB 8.2 trillion, accounting for 17.4% of China's total GDP and representing an increase of 11.1% over 2010.^①

Shanghai: China's Economic Center

Shanghai is China's economic center and offers ready access to foreign investors wishing to participate in China's economy.

In 2012, Shanghai's economic ascendancy reached new levels when it became the first major city in China with a GDP exceeding RMB 2 trillion, with the tertiary sector for the first time accounting for 60% of the aggregate growth of Shanghai's GDP.^②

Jinshan: A Gateway to the Southwest of Shanghai and a Key Location in the Hangzhou Bay Industrial Belt

Jinshan is located in the southwestern part of Shanghai, on the northern shore of the Hangzhou Bay. This favorable location makes for easy access to Shanghai's city center and the Yangtze River Delta region.

Conveniently located in suburban Shanghai, Jinshan's abundant supply of land and low business and labor costs give it a competitive edge. The construction of Shanghai's economic center, the consequent influx of high and new technology, and an abundance of talent, capital and creativity, will contribute to Jinshan's continuing to play a leading role in the development of the advanced manufacturing sector.

Major transportation infrastructure projects, such as the Hangzhou Bay Bridge, the Hangzhou-Pudong Expressway and the Shanghai-Hangzhou High-Speed Railway, have been completed in recent years. All these projects have improved the connections between Shanghai and other major cities in the Yangtze River Delta. As all the main thoroughfares converge in Jinshan, Jinshan is a highly strategic location in the Hangzhou Bay industrial belt.^③



Source:

①2011 Analysis Report of Economic Operations in the Yangtze River Delta

②Shanghai Bureau of Statistics website

③The Hangzhou Bay industrial belt is one of the six development targets of the Yangtze River Delta region in accordance with the State Council's approval in June 2010 of the "Yangtze River Delta Regional Planning"

1.3 Economic Development

Improving Overall Economic Strength^①

Jinshan's GDP reached RMB 46.8 billion in 2012, an increase of 9.8% compared to 2011.

Secondary and Tertiary Industries as the Main Economic Structure^②

Jinshan continues to optimize its industrial configuration. In 2012, Jinshan's primary, secondary and tertiary industrial sectors accounted for 3%, 59.6% and 37.4% of GDP, respectively:

- The primary sector accounted for RMB 1.4 billion in GDP, representing an increase of 1.5% compared to 2011
- The secondary sector accounted for RMB 27.9 billion in GDP, representing an increase of 7.4% compared to 2011. Of the total, RMB 26 billion was industrial GDP, representing an increase of 7.3% compared to 2011
- The tertiary sector accounted for RMB 17.5 billion in GDP, representing an increase of 14.7% compared to 2011

Growing Consumer Market^③

From 2008 to 2012, Jinshan continued to witness the rapid expansion of its consumer goods market and an improvement in the purchasing power of its residents.

Retail sales of consumer goods totaled RMB 28.9 billion in 2012, representing a yearly increase of 15.4% over 2011.

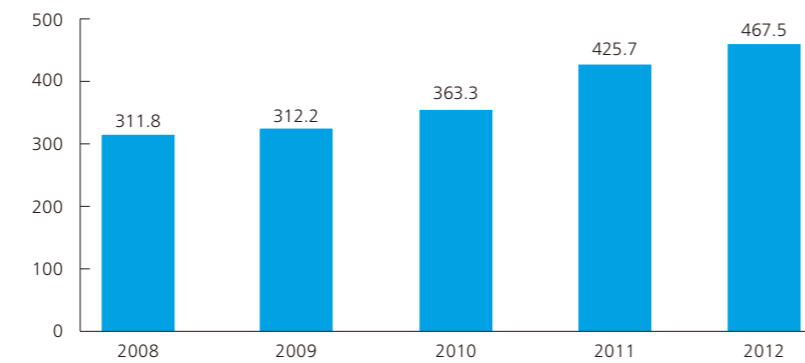
Source:

① 2011 Annual Statistical Report of Jinshan, Shanghai

② According to the National Economic Industry Classification, the primary industrial sector comprises agriculture, forestry, animal husbandry and fishing (excluding services for agriculture, forestry, animal husbandry and fishing). The secondary industrial sector comprises mining (excluding auxiliary mining activities), manufacturing (excluding metal products and the maintenance of machinery and equipment), the production and supply of electricity, heat, gas and water, and construction. The tertiary industrial sector comprises businesses outside the scope of the primary and the secondary sectors, and consists principally of the service industry.

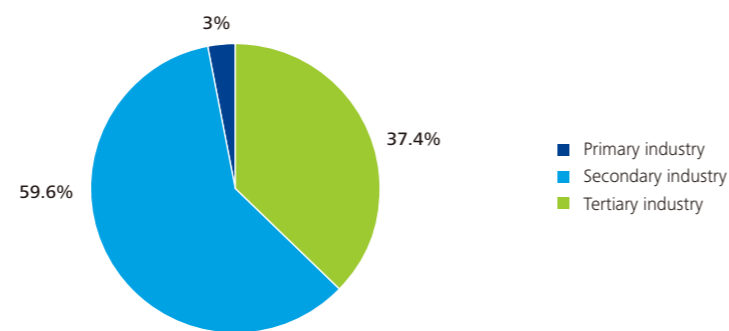
2008-2012 GDP of Jinshan, Shanghai

Units: RMB 100 million



Data Source: 2012 National Economic and Social Statistics of Jinshan District

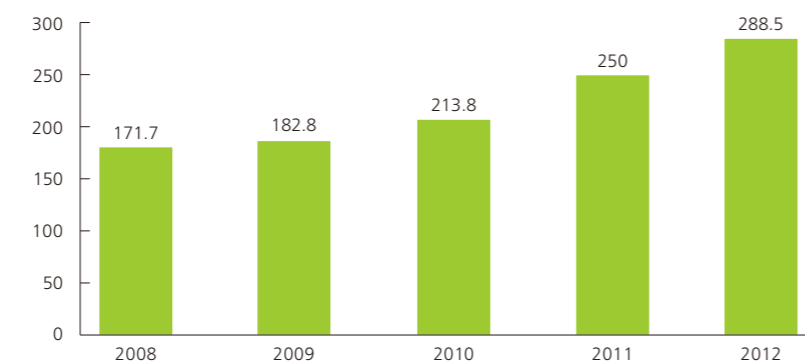
2012 Industrial Structure of Jinshan, Shanghai



Data Source: 2012 National Economic and Social Statistics of Jinshan District

2008-2012 Total Retail Sales of Consumer Goods of Jinshan, Shanghai

Units: RMB 100 million



Data Source: 2012 National Economic and Social Statistics of Jinshan District

1.3 Economic Development (cont'd)

Clustering of Five Pillar Industries

Shanghai Jinshan actively promotes industry clusters and over time has developed five "pillar" industries: automobiles and auto parts; machinery and electronics; new textiles; fine chemicals and food processing.

In 2011, the output of Jinshan's five pillar industries was RMB 72.9 billion, an increase of 14% compared to 2010.^④

Rapid Development of the Four High-Tech Industries

Jinshan is actively cultivating Shanghai's high and new technology industries, focusing on the development of four such industries in particular: alternative energy, advanced materials, biomedicine and marine engineering equipment.

In 2011, Jinshan's four high and new technology industries generated an output of RMB 22 billion, an increase of 30% compared to 2010.^④

Innovation-Driven Restructuring and Development

Jinshan is striving to enhance the development of industrial technologies. The Park actively encourages technological change, promotes the refining and upgrading of its industrial infrastructure and seeks to foster an economy driven by innovation.

By the end of 2012, Jinshan had:

- 12 municipal-level enterprise technical centers in Shanghai^④
- 193 high and new technology enterprises^④

Source:

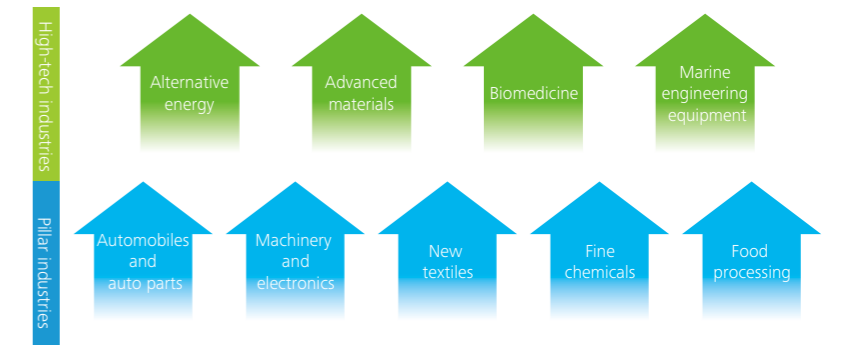
① People's Government of Jinshan District website

② Economic Commission of Jinshan District website

③ Science and Technology Committee of Jinshan District website

④ 12th Five-Year Plan for the Economic and Social Development of Jinshan, Shanghai

Key industries of Jinshan, Shanghai



Outline of Jinshan's Industrial Base^④

Biomedicine	<ul style="list-style-type: none"> • Shanghai's National Biomedical Industries Base • The National Innovation Base for Promoting Trade through Science and Technology (Biomedicine)
Advanced materials	<ul style="list-style-type: none"> • Shanghai's Base for High and New Technology Industries (Advanced Materials) • Zhangyan Deep Processing Industrial Base for Advanced Materials under the National Torch Program • Industrial Park for Functional Film
Producer services	<ul style="list-style-type: none"> • Jinshi Bay's International Functional Area for Chemical Producer Services • One of Four Professional Logistic Bases under Shanghai's 11th Five-Year Plan
Marine engineering equipment	<ul style="list-style-type: none"> • Shanghai's Base for High and New Technology Industries (Marine engineering equipment)
Food processing	<ul style="list-style-type: none"> • Food Industrial Park

1.4 Foreign Investment

Significant Growth in Foreign Investment^①

Jinshan's contracted foreign investments increased rapidly during the period 2009-2012, with an annual compound growth rate of 41%.

Jinshan attracted contractual foreign investment of USD 350 million in 2012, including foreign investment of USD 120 million in Jinshan Industrial Park, accounting for 34.3% of the region's total contractual foreign investment.

In 2012, 156 foreign-funded projects were either newly approved or enjoyed additional injections of capital. This represents a total investment of USD 850 million, comprising USD 570 million in newly approved investment and USD 280 million in additional capital investment.

Diverse Sources of Foreign Investment^②

Foreign investment in Jinshan comes mainly from Asia, for example, from Hong Kong, Japan and Singapore, which, respectively, accounted for 42%, 14.5% and 8.1% of foreign investment.

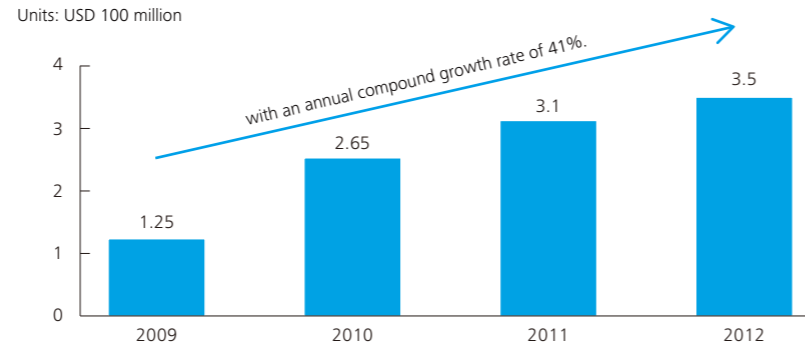
Europe accounted for 14.5%, with other countries and regions accounting for 20.9%.

Prominent Foreign-Funded Businesses in Jinshan District^③

Biomedicine/chemicals	Electronics and machinery	Food processing
<ul style="list-style-type: none"> Baxter Healthcare (Shanghai) Co., Ltd. Shanghai SynTheAll Pharmaceutical Co., Ltd. LANXESS Specialty Chemicals Co., Ltd. BASF Care Chemicals (Shanghai) Co., Ltd. Shanghai Chemo Biopharmaceutical Co., Ltd. 	<ul style="list-style-type: none"> Siemens Circuit Protection Systems Ltd., Shanghai Schneider Electric (China) Co., Ltd. (Shanghai Branch) Riello Heating Equipment (Shanghai) Co., Ltd. Shanghai TMT Machinery Co., Ltd. Ingersoll Rand Security Technologies (China) Co., Ltd. 	<ul style="list-style-type: none"> Shanghai Nong Shim Foods Co., Ltd. Unilever (China) Co., Ltd. (Shanghai Jinshan Branch) COFCO Rongs Biotech Co., Ltd. Heinz Fuda Foodstuff (Shanghai) Co., Ltd. Shanghai Lee-Want Foods Ltd. LOTTE (Shanghai) Foods Co., Ltd. Shanghai Yamazaki Foods Co., Ltd.
Alternative energy and advanced materials	Innovative eco-printing	Automobiles and auto parts
<ul style="list-style-type: none"> Kanai Tocsen Industries (Shanghai) Co., Ltd. Shanghai Huaфон Puren Polyurethane Co., Ltd. Shanghai Surrey Carbon Fibre Co., Ltd. Shanghai Yuede Flexible Packaging Co., Ltd. Shanghai Tai Dina New Material Co., Ltd. 	<ul style="list-style-type: none"> Shanghai Fukusuke Industries Co., Ltd. Shanghai Elite E-Commerce Co., Ltd. 	<ul style="list-style-type: none"> Magna Donnelly Automotive Systems (Shanghai) Co., Ltd. ISE Industries Shanghai Co., Ltd. Shanghai Novare Automobile Parts Co., Ltd.

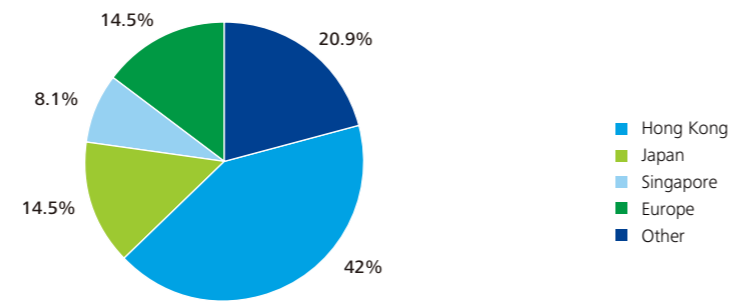
Source:
^①2011 Annual Statistical Report of Jinshan, Shanghai (by direct investment statistics)
^②Information provided by Jinshan Industrial Park

2009-2012 Jinshan District's contractual foreign investment



Data Source: 2009-2011 National Economic and Social Statistics of Jinshan District and information provided by Jinshan Industrial Park

2011 Analysis of Jinshan District's source of foreign investment



Data Source: 2011 Annual Statistical Report of Jinshan, Shanghai

2. Overview of Jinshan Industrial Park

- 2.1 Park Overview: Introduction
- 2.2 Overview of the Investment Environment
- 2.3 Transportation and Geographical Advantages
- 2.4 Park Layout
- 2.5 Focus on Developing Industries
- 2.6 Other Key Industries

2.1 Park Overview: Introduction



Jinshan Industrial Park was established in September 2003, with a planned area of 58 km². The Park is one of the key areas supported by the Shanghai municipal government, with a view to development into a municipal industrial zone.

With its maturing industry cluster and excellent infrastructure, the Park is evolving into an advanced manufacturing base on the northern shore of Hangzhou Bay, distinguished by its industry-intensive, ecological, innovative and intelligent environment supported by modern services.

Jinshan Industrial Park Milestones

2003	Approved by the Shanghai Municipal People's Government to become a municipal industrial zone
2009	Awarded the title of "Shanghai's National Biological Industry Base" Awarded the title of "Shanghai's Advanced Materials Industry Base" Awarded the title of "Shanghai's Honest Enterprise for the Biomedical Industry"
2010	Awarded the title of "Jinshan's National Innovative Eco-Printing Model Park" Awarded the title of "Shanghai's Park of Excellence in Corporate Service"
2011	Awarded the title of "Industrial Park for Japanese Businesses in Jinshan, Shanghai" Awarded the ISO 9001 certification for quality management systems Awarded the ISO 14001 certification for environmental management systems
2012	Awarded the title of "Shanghai's Pilot Park for Intellectual Property" Awarded the title of "Shanghai's Park for Brands"



2.2 Overview of the Investment Environment

Ten Years' Driving Development

By capitalizing on its 10 years of experience in development and innovation, its geographical advantages, its place in the vanguard of park planning, its maturing industry cluster and its well-established infrastructure, Jinshan Industrial Park has become indispensable to the transformation and upgrading of the city's manufacturing sector and the creation of an advanced manufacturing base on the northern shore of the Hangzhou Bay.

Growing Industry Cluster Improves Overall Strength

Jinshan Industrial Park has developed six key industries: biomedicine; advanced equipment manufacturing; advanced materials; food processing; opto-electronics and innovative eco-printing.

In 2012, contractual foreign capital being utilized in Jinshan Industrial Park totaled USD 120 million, up 20% from 2011. In the same year, the Park's industrial output reached RMB 13.3 billion, representing an increase of 12.5% from 2011. In 2012, the Park attracted 22 investment projects with a total investment value of RMB 18.1 billion:

- 11 foreign investment projects with a total investment value of USD 440 million
- 11 domestic investment projects with a total investment value of RMB 15.3 billion

Industry-intensive Ecological Innovative and Intelligent

Jinshan Industrial Park is accelerating construction to promote the synergy between industry and the town. Supported by its industry cluster, the Park will improve its business, residential, administrative and other support services.

Source:
Economic Report for Jinshan Industrial Park



2.3 Transportation and Geographical Advantages

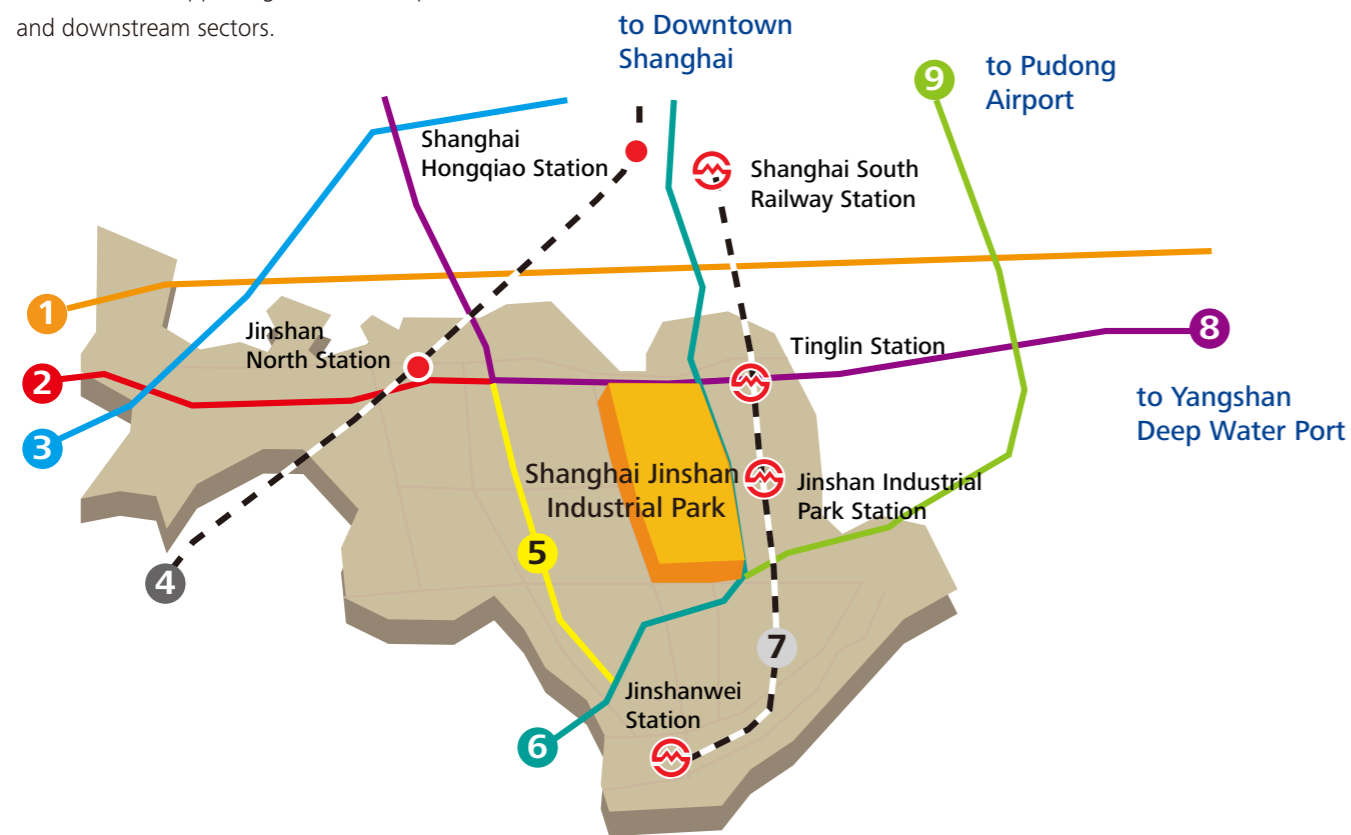
Tripartite Transportation Network

Jinshan Industrial Park has convenient access to transportation infrastructure connecting to three expressways. In addition, the Jinshan Railway links the zone directly to downtown Shanghai. Downtown Shanghai, Pudong International Airport, Hongqiao Airport, Hangzhou Bay Bridge and Yangshan Deep Water Port all are within a one and one-half hour drive from the Park.

The tripartite transportation network enables Jinshan Industrial Park to maintain an interactive connection with downtown Shanghai and major neighboring cities in the Yangtze River Delta. It also provides a solid foundation for logistics transportation, serves to attract talent to the Park and facilitates supporting services for upstream and downstream sectors.

Transportation hub	Driving distance (km)	Major neighboring cities	Driving distance (km)
Downtown Shanghai	55	Suzhou	90
Hongqiao Airport	50	Ningbo	110
Pudong Airport	80	Hangzhou	130
Yangshan Deep Water Port	65	Nantong	155
Hangzhou Bay Bridge	50	Nanjing	280

Source: Map of China



- ① S32 Shenjiahu Expressway
- ② S36 Tingfeng Expressway
- ③ G60 Shanghai-Hangzhou Expressway
- ④ Shanghai-Hangzhou Express Railway
- ⑤ S19 Xinwei Expressway
- ⑥ G15 Shenyang-Haikou Expressway
- ⑦ Rail Transit Line No.22
- ⑧ G1501 Shanghai Ring Expressway
- ⑨ S4 Shanghai-Jinshan Expressway

2.3 Transportation and Geographical Advantages (cont'd)

Developed Expressways

Since the completion of the riverside and coastal expressways along the Yangtze River Delta, Jinshan Industrial Park provides three points of entry to and exits from the G1501 Shanghai ring expressway, the G15 Shenyang-Haikou expressway and the S4 Shanghai-Jinshan expressway. This allows quick access from Jinshan Industrial Park to the surrounding expressways.^①

Convenient Railway Network

Jinshan Railway – Shanghai's first high-speed urban railway^②

The Jinshan railway, which stretches for 56 km and was operated on a test basis in September 2012, is the first high-speed urban railway to connect downtown Shanghai with Jinshan District. The minimum time between the Shanghai South Railway Station and the Jinshan Industrial Park is about 30 minutes.

Jinshan North Station of Shanghai-Hangzhou Intercity High-Speed Rail^③

The Shanghai-Hangzhou Intercity High-Speed Rail runs for 202 km. Trains traveling at speeds of up to 350 km per hour link Shanghai and Hangzhou. The railway is about a 16-minute ride from Jinshan North Station to Shanghai Hongqiao Station, and a 40-minute ride to Hangzhou.

International Airports

Shanghai Pudong International Airport and Hongqiao International Airport are collectively referred to as one of China's three major international air hubs. According to the Airport Council International (ACI)'s first quarter survey results for 2012 on international airport passenger satisfaction, Pudong airport's satisfaction ranked eighth among 185 airports around the world, and Hongqiao ranked 27th.^④

Source:

- ① China's expressway website
- ② Shanghai Municipal People's Government website
- ③ Shanghai Railway Bureau website
- ④ Map of China
- ⑤ China's international marine website
- ⑥ China News website

The Hangzhou Bay Bridge

The 36 km Hangzhou Bay Bridge spans China's Hangzhou Bay and is the world's third longest sea bridge. The driving distance from Jinshan Industrial Park to the northern end of the Hangzhou Bay Bridge is 50 km.^⑤

World-Class Ports

Jinshan Industrial Park is surrounded by world-class ports connecting the Park to the rest of the country and the world.



Yangshan Port^⑥

One of the world's largest and best deep water ports. The driving distance between Shanghai Yangshan Port and Jinshan Industrial Park is 65 km.

Waigaoqiao Port^⑥

In 2010, international ships visited Waigaoqiao Port on more than 20,000 occasions, with personnel making more than 240,000 entries and departures.

Jinshan Port^⑥

Jinshan's deep water shoreline along the northern side of the Hangzhou Bay makes it key to the development of the Shanghai Port and Jinshan has been designated by the State Council as one of three new ports suitable for the construction of a deep water pier. The design for the construction of Jinshan Port, feasibility studies and other preparatory work will be launched in 2013.

2.4 Park Layout

Distinct Industrial Layout

Explicit Planning and Division^①

Jinshan Industrial Park, which currently contains six major industry clusters, is clearly and distinctly laid out.



The Integration of Industry and City Fosters Entrepreneurship as well as Pleasant Living Conditions

Drawing impetus from its high-level urban planning and its maturing infrastructure, Jinshan Industrial Park will constantly improve the construction and management of the Park to create an innovative residential community marked by an entrepreneurial atmosphere and a harmonious living environment.

A New Industrial Town

- Planned area: 1.58 km²
- Focus: Construction of residential facilities, as well as business centers and an administrative center to create a new, large-scale industrial city offering an attractive environment and Shanghai's low cost residential area.

B Shanghai Caohejing Comprehensive Bonded Zone Jinshan Functional Area

- Planned total area: Approximately 1.76 km²
- Focus: Providing services for export processing, R&D and bonded logistics, as well as services such as commodity exhibitions, international trade, delivery of futures contracts, financial services, etc.

C An International Living Community in Newly-developed Jinshan

- Planned area: 17 km²
- Focus: Creation of areas for living and public service facilities, integrating upscale residences, recreation, commerce and culture.

D Community Area

- Planned area: 2.6 km²
- Focus: Development of a new residential community with well-established services, a comfortable living environment, advanced management techniques and harmonious community relationships.

Joint Development of Strategic Cooperation

Jinshan Industrial Park's geographical location, abundant land resources and business advantages are conducive to the execution of strategic, jointly-developed cooperation projects.

E Functional Area for Producer Services

- Planned area: 0.5 km²
- Focus: Development of an industrial software park, a financial services industry and a modern logistics industry, accompanied by the provision of outsourcing services, logistics, exhibition space, offices and other business facilities.

F Japanese SME Industrial Park in Shanghai

- Recognition: The first Japanese industrial park enterprise in Shanghai
- Area: The initial area of 1.6 km² was developed to provide a total floor area of 247,000 m², of which 147,000 m² is intended for standard plant and 100,000 m² for custom-made plant
- Focus: As Japanese enterprises and supporting resources are introduced, an international industrial base gradually will be formed to foster and optimize the industrial configuration, as well as the specifically Japanese business cluster, located here.



Source:
^① 12th Five-Year Plan for Jinshan Industrial Park
^② China Press publication, "Taking Advantage of a Green Multinational Printing Market"

2.5 Focus on Developing Industries: Biomedicine



Specialized Industrial Base^①

Jinshan has been listed as an important industrial base for the overall structure of the biomedicine industry in Shanghai.

Jinshan Industrial Park has been recognized as Shanghai's National Biomedical Industrial Base and the National Innovation Base for Science and Technology (Biomedicine) for its contributions to accelerating high-tech industrialization.

Development Plan^②

Jinshan Industrial Park focuses on the development and manufacturing of pharmaceuticals, biological products, medical instruments and other industries. It also focuses on improving the public service platform, by its strategic collaboration of the "Zhangjiang Pharma Valley" and with a concept of "R&D in Zhangjiang and Production in Jinshan", creating a sound industrial environment and enabling innovation by providing a locale for the clustering of biomedical industries.

Deloitte Observation

The market for China's pharmaceutical industry is large, rapidly expanding and uniquely configured. Key drivers include:

- Rising health awareness and increasing demand fueled by economic growth
- The continuing rise in the elderly population
- Escalating total health expenditure
- Increasing per capita health expenditure and ongoing reform of the pharmaceutical and healthcare systems
 - Excerpt from the Deloitte Industry Analysis "The next phase: Opportunities in China's pharmaceuticals market"

Source:

① Government of Jinshan District, Shanghai website

② Above-scale enterprises include industrial enterprises with an annual revenue of RMB 20 million and above deriving from their principle operations, wholesale trade businesses (units) with annual sales of at least RMB 20 million, and retail businesses (units) with annual sales of at least RMB 5 million

③ Government of Jinshan District, Shanghai website

④ 12th Five-Year Plan for Jinshan Industrial Park

Developing a Biomedicine Industry Cluster^①

The biomedicine industry in Jinshan Industrial Park has been growing rapidly. In 2011, the Park's biomedicine industry had an output value of RMB 920 million, accounting for more than 11% of the output value of above-scale enterprises in the Park.^②

Jinshan Industrial Park currently hosts a number of well-known biomedical companies, demonstrating the initial impact of industrial clustering. The companies include the United States' Baxter Healthcare (a specialized large volume parenteral (LVP) pharmaceutical company) and China's Changzheng Fumin (Jinshan) Pharmaceutical Co., Ltd. (the first Chinese LVP pharmaceutical company). Both companies are in the Fortune 500.

Biomedicine Enterprises Represented in the Park^③

Industry Segmentation	Company Name
Manufacturing of medical supplies	<ul style="list-style-type: none"> • Baxter Healthcare (Shanghai) Co., Ltd. • Tofflon Pharmaceutical Equipment Manufacture (Shanghai) Co., Ltd. • Remai Medical Instrument (Shanghai) Co., Ltd.
Pharmaceuticals	<ul style="list-style-type: none"> • Hsin Yi Jin Zhu Pharmaceutical (Shanghai) Co., Ltd. • Changzheng Fumin Jinshan Pharmaceutical Co., Ltd. • Yuekang Pharmaceutical Group (Shanghai) Co., Ltd. • Shanghai Starry Pharmaceutical Co., Ltd. • Shanghai Jitai Biotech Co., Ltd.
Biotechnology	<ul style="list-style-type: none"> • Shanghai Bangcheng Bio-engineering Co., Ltd. • Shanghai Chemo Biopharmaceutical Co., Ltd. • Shanghai Huarui Biotech Co., Ltd. • Jitai (Shanghai) Biological Technology Co., Ltd.

2.5 Focus on Developing Industries: Advanced Equipment Manufacturing

Maturing of Advanced Equipment Manufacturing Sector^①

As an important industrial base in Shanghai for the manufacturing of advanced equipment, the Park focuses on automation equipment, manufacturing machinery, auto parts and other items.

In 2011, five contracted projects were completed with a total planned investment of RMB 2.17 billion. In addition, one foreign investment project was completed with a planned investment of USD 30 million.

A number of well-known advanced equipment manufacturing enterprises are located in Jinshan Industrial Park, including Shanghai Yalong Industry (Group) Co., Ltd. and Schneider Electric (China) Co., Ltd. (Shanghai Branch).

Deloitte Observation

The global balance of the manufacturing sector is continuing to shift to emerging markets, in particular to Asia. China's developing manufacturing environment has a number of advantages over what other Asian countries can offer.

The main factors that give China's manufacturing industry its competitive edge are:

- Workers who are able to adapt to the structural transformation of the manufacturing industry
- The quality of China's infrastructure
- Sustainable government support for technical research
- Local business dynamics

– Excerpt from the Deloitte Industry Analysis "Where is China's manufacturing industry heading / Deloitte China manufacturing competitiveness study 2011"

Source:

① Jinshan Industries Annual Report, the First Issue of 2012

② "12th Five-Year Plan" for Jinshan Industrial Park



Development Plan^②

In addition to the existing equipment industry business base, upstream and downstream industries, including leading large businesses at various points along the supply chain, have moved to Jinshan Industrial Park. This has resulted in Jinshan Industrial Park's becoming home to manufacturers of core products for the manufacturing sector, including companies specializing in the development of general-purpose equipment, specialized equipment, transportation equipment, scientific instruments, information and communication and application services. Jinshan Industrial Park has, therefore, set its sights on becoming Shanghai's most important base for the manufacture of advanced equipment.

Advanced Equipment Manufacturing Enterprises Represented in the Park^③

Industry Segmentation	Company Name
Equipment manufacturers	<ul style="list-style-type: none"> • Shanghai SGR Heavy Industry Machinery Co., Ltd. • Shanghai Yalong Industry (Group) Co., Ltd. • Schneider Electric (China) Co., Ltd. (Shanghai Branch) • Shanghai Elim Petroleum Machinery Co., Ltd. • Riello Heating Equipment (Shanghai) Co., Ltd.
Transportation equipment manufacturers	<ul style="list-style-type: none"> • Shanghai Tempe Auto Parts Co., Ltd. • Shanghai AB Automotive Air Conditioning Co., Ltd.
Scientific instrument manufacturers	<ul style="list-style-type: none"> • Shanghai Kirtun Electrical Equipment Group (Jinshan Electrical Industrial Base) • Zhong Bian Transformer Co., Ltd. • Cambridge Filter (China) Co., Ltd.
Electronic information technology	<ul style="list-style-type: none"> • Shanghai Shuangming Optical Technology Co., Ltd. • Shanghai Sangyou Information Technology Co., Ltd. • Shanghai Xinchu Integrated Circuit Co., Ltd.

2.5 Focus on Developing Industries: Advanced Materials

An Industry Chain Accommodating Both Upstream and Downstream Sectors^①

In 2012, investment in the advanced material industry reached a new level. The total investment of contracted projects surpassed over RMB 7 billion, including domestic investment of over RMB 6 billion and foreign investment of USD 150 million. An advanced materials industry cluster has already been established in the Park. Currently the cluster is represented by a number of advanced materials businesses, such as Huaфон Aluminum Co., Ltd. Shanghai Tai Dina New Material Co., Ltd. Shanghai Yuede Flexible Packaging Co., Ltd. and Kanai Tocsen Industries (Shanghai) Co., Ltd.

High-Tech Industrial Base^②

Jinshan District has decided to foster the advanced materials industry within the key industry clusters with a view to spurring further economic restructuring in Jinshan and improving the area's industrial configuration.

Jinshan Industrial Park is committed to developing a base for the advanced materials industry through research and development, industrial incubation and production. It has been awarded the title of "Shanghai's Base for High-Tech Industries (Advanced Materials)".

Development Plan

The Park is committed to providing assistance to companies that develop new alloy materials, engineering plastics, functional polymer materials and advanced energy storing materials. Following the success of the "Liandong U Valley" project, the Park is endeavoring to build a base for the advanced materials sector through advanced materials research and development, industrial incubation and production. The park is expected to establish a national research center focusing on engineering technologies for the advanced materials industry in 2015.

Source:
① Jinshan Industries Annual Report, the First Issue of 2012
② Government of Jinshan District, Shanghai website

Advanced Materials Enterprises Represented in the Park

Industry Segments	Company Name
Advanced alloy/building materials	<ul style="list-style-type: none"> Huaфон Aluminum Co., Ltd. Kanai Tocsen Industries (Shanghai) Co., Ltd. Shanghai Daju Long Canopy New Material Co., Ltd.
Functional polymer materials	<ul style="list-style-type: none"> Shanghai Yuede Flexible Packaging Co., Ltd. Shanghai Guanhui New Material Co., Ltd. Huafeng Puren Polyurethane (Shanghai) Co., Ltd. Chuangxing Fine Chemical (Shanghai) Co., Ltd.
Engineering plastics (lightweight of automobile)	<ul style="list-style-type: none"> Shanghai Tai Dina New Material Co., Ltd. IDI Composite Material (Shanghai) Co., Ltd.

Deloitte Observation

Market demand for the advanced materials industry is booming as a result of developments in the information technology, biological, aerospace, nuclear and other high and new technology industries, as well as the transformation and enhancement of industries using traditional materials.

The undertaking of research and development with respect to advanced materials and high-end manufacturing in the Bohai Rim, the Yangtze River Delta region and the Pearl River Delta region will make these three areas home to China's advanced materials industry clusters.

– Excerpt from the Deloitte Industry Analysis "Overview of Advanced Materials"



2.5 Focus on Developing Industries: Eco-Friendly Printing

Integrated Development of Industrial Platform^①

The National Model Park for Innovative Eco-friendly Printing of Jinshan was established on August 30, 2010 and has been approved by the National Press and Publication Administration. It is the first national park for eco-friendly printing to be jointly developed by the Shanghai Press and Publication Bureau and the People's Government of Jinshan District. The park already is listed as a major project distinguished by the collaboration of the State Press and Publication Administration and Shanghai Municipal People's Government, a major project in Shanghai's 12th Five-Year Plan for the development of the cultural industry and Shanghai's major engineering project for 2012.

The Park has evolved as an innovative eco-friendly printing industry cluster, attracting a number of top 500 companies, such as Shanghai Fukusuke Industries Co., Ltd. and Steinemann (Shanghai) Holding Co., Ltd. In addition, companies such as Taiwan Yuen Foong Yu Group, Beijing Kangde Xin Composite Material Co., Ltd. and Realtime Printing (Shanghai) Co., Ltd. have signed contracts for high quality projects with the Park.

A Park for Economic Advances in Printing^②

Jinshan Industrial Park's commitment to developing businesses involved in green printing, digital printing, creative printing, printing (new) materials and printing (new) equipment has led to its being awarded the title "National Model Park for Innovative Eco-friendly Printing of Jinshan."

The National Model Park for Innovative Eco-Friendly Printing of Jinshan specializes in high quality innovation, the nurturing of entrepreneurial talent and pioneering developments in the printing industry.

Source:
① Information provided by Jinshan Industrial Park
② Government of Jinshan District, Shanghai website

Innovative Eco-friendly Printing Enterprises Represented in the Park

Industry Segments	Company Name
Green printing	<ul style="list-style-type: none"> Beijing Shengtong Printing Co., Ltd. Shanghai Fukusuke Industries Co., Ltd.
Digital printing	<ul style="list-style-type: none"> Shanghai Elite E-Commerce Co., Ltd.
Creative printing	<ul style="list-style-type: none"> Realtime Printing (Shanghai) Co., Ltd.
Printing (new) materials	<ul style="list-style-type: none"> Beijing Kangde Xin Composite Material Co., Ltd.
Printing (new) equipment	<ul style="list-style-type: none"> Steinenam Machinery (Shanghai) Co., Ltd.



Development Plan

The Park focuses on three core areas of printing: high-end printing, international printing and digital printing and aims to become the largest base for printing and publishing in the Yangtze River Delta region, as well as the largest base for eco-friendly packaging and print production and export processing. The goal is to create a global packing and printing service center in the Asia Pacific region.

2.6 Other Key Industries



Food processing

- Leading local and foreign food processing enterprises and well-known brands will be introduced with focus on developing the convenience food, snack food, condiment, candy and beverage sectors.
- So far 30 food processing industry enterprises have been set up in the Park. Above-scale food processing industry enterprises achieved an industrial output value of RMB 1.37 billion, with year-on-year growth of 77.4%.
- Heinz of USA, Nong Shim of Korea, Yamazaki of Japan, Want Want of Taiwan and COFCO Rongs are well known brand names among the food processing industry enterprises.

Optoelectronics Industry

- Jinshan industrial Park concentrates on the development of photovoltaic power generation, the manufacturing of photoelectron and optoelectronic elements.
- A number of well-known photoelectric industry enterprises have established operations in Jinshan Industrial Park, including Ingersoll Rand (China) Investment Co., Ltd., Shanghai Siemens Circuit Protection Systems Co., Ltd., Shanghai Hehui Optoelectronic Co., Ltd. and Wenmao Semiconductor Co., Ltd..



Deloitte Observation

The most noticeable change in consumer behavior in the near future is likely to derive from concerns over food safety. The number of product recalls have prompted consumers to demand greater transparency regarding the origin of, and the ingredients in, food products and to scrutinize food labels. At the same time, the scarcity of resources and the soaring costs of energy, production and transportation have led to increases in food prices. In striving to manage their budgets, many consumers have adopted a more cautious and selective approach to purchasing food products.

– Excerpt from the Deloitte Industry Analysis "The Power of Retailing in China, 2012"

Source:
12th Five-Year Plan for Jinshan Industrial Park

3. Government Policy and Government Services

- 3.1 Government Policy and Government Services: Introduction
- 3.2 Government Policy
- 3.3 Government Services

3.1 Government Policy and Government Services: Introduction

The existence of a transparent policy environment and the availability of practical government services factor significantly in corporate investment decision-making.

As is the case in Shanghai and Jinshan, Jinshan Industrial Park implements policies that specifically target key industries.

Jinshan Industrial Park has established a "service blueprint," including a "one-stop" public service center, five major government service platforms and a "full customer-management system," which has been effective in encouraging professionalism and efficiency in government services and supports the development of business in a sustainable manner.

"The Park has greatly supported preferential policies that enable businesses to purchase land at relatively favorable prices. In terms of park services, the government has been working closely with businesses and has ensured the smooth progression of our projects."

– Siemens Circuit Protection Systems Ltd., Shanghai

Siemens Circuit Protection Systems Ltd., Shanghai is committed to providing Chinese users with the latest and highest quality electrical building technologies and products. Siemens' premium products receive wide recognition amongst users and Siemens is one of the best companies to have its products ranked by the Ministry of Construction for residential construction.



3.2 Government Policy

Encouraging Technological Innovation among Enterprises

Jinshan has developed a series of incentives to encourage enterprises to innovate and improve the technical expertise of regional industries. The incentives are in line with the "Shanghai Scientific Progress Ordinance" and the "Recommendations for Implementing the 'Outline of National Strategy for Intellectual Property Rights in this Municipality'":

- A one-time award of the title of "Jinshan's Little Giant Enterprise in Science and Technology"
- R&D project grants awarded to enterprises that have signed and carried out contracts with universities and scientific research institutions for the comprehensive transfer of scientific and technological breakthroughs
- One-time funding for corporate R&D centers, technology R&D centers, key laboratories, professional incubators and R&D technology service platforms
- Funding for enterprises developing patents, patent projects and patented products

Promoting the industrialization of high and new technology

The Jinshan Industrial Park has designed a series of special policies to promote high-tech industrialization. These policies promote the upgrading of the existing industrial structure and the industrialization of advanced technologies and encourage the development of innovative technological systems via the collaboration of enterprises with universities and research institutions. The policies encompass:

- Land supply
- Preferential tax incentives
- Financial subsidies
- Special funding



Key Policies for Promoting High and New Technology Industrialization	
Land supply	<ul style="list-style-type: none"> • Investment projects for the industrialization of high and new technology can enjoy priority in land selection and preferential land prices
Preferential tax incentives	<ul style="list-style-type: none"> • The following businesses can enjoy tax benefits at the national, municipal and district levels: <ul style="list-style-type: none"> ✓ High-tech enterprises ✓ Foreign-funded R&D centers ✓ Regional headquarters of multinational corporations ✓ Advanced technology service enterprises
Financial subsidies	<ul style="list-style-type: none"> • Subsidies for high-tech industrial projects to support industrialization • Financial subsidies for various taxes paid by specific enterprises that are being converted into joint stock companies
Special funding	<ul style="list-style-type: none"> • Special funding for technological transformation through project grants and subsidized loans • Funding for the establishment and protection of intellectual property rights • Funding for energy conservation and the reduction of emissions and for the development of a recycling economy • Funding for the recruitment of talented individuals • Funding for high-tech services

Source: "Provisions to encourage the development of scientific and technological innovation of businesses in Jinshan District," "Recommendations for accelerating the implementation of the industrialization of high and new technology by the People's Government of Jinshan District" and "Recommendations for promoting the restructuring of listed companies in Jinshan District"

3.2 Government Policy (cont'd)

Development of the High and New Technology Industry^①

The advanced materials and biomedicine industries are being promoted so that they become strategic industries for both Jinshan District and the Park. Utilizing the existing industrial base, scientific research, technology and human resources, Jinshan Industrial Park has implemented supportive policies targeting these industries.

Branding Strategy^②

A branding strategy has been developed to encourage businesses to enhance their R&D and technological innovation capabilities, actively develop products with independent intellectual property rights, and accelerate enterprise technological progress and product upgrades. A one-time award will be granted to a company with a newly identified and nationally recognized Shanghai trademark or a Shanghai-based enterprise with brand-name products.

Promoting "Specific, Distinguished and New" SMEs^③

"Specific, Distinguished and New" SMEs have specific-focus strategy, delicate R&D, distinguished products and new types of operation. To promote and encourage innovation-driven companies and the development of such enterprises, Jinshan District has provided the following policies to qualified SMEs:

- Enhanced special funds support
- Increased credit fund support
- Expanded direct financing channels
- Encourage independent innovation
- Assistance in developing new markets
- Optimized business environment

Advanced Materials and Biomedicine ^①	
Financial subsidies	<ul style="list-style-type: none"> • A one-time subsidy for business technology centers • Supporting funds for Shanghai's technological innovation fund projects, Torch Program projects and Little Giant Enterprise in Science and Technology • Special funds for major projects by high and new technology companies • After being audited by the Park's government, prominent local and foreign enterprises can enjoy a limited financial subsidy for a newly established regional headquarters
Business services	<ul style="list-style-type: none"> • Priority for businesses that apply for science and technology projects • Providing support to businesses that apply for national high and new technology enterprise status or apply to be advanced-technology services businesses declaring support • Priority for businesses that apply for land and prequalification approval • "Green-channel" policy and one-stop services to simplify project approval procedures • Trace contact systems to provide risk assessment, technical advice, financial services and regulatory information services to enterprises • Joint cooperation between the Park and business groups to build an industrial base
Talent incentives	<ul style="list-style-type: none"> • Individual income tax benefits • One-time housing subsidy • Priority for talented individuals to apply for Shanghai residence • Priority for arranging schools for children • Availability of expert advice to attract field experts, scholars and entrepreneurs

- Enhanced supply of talented individuals
- Safeguarded supply of production factors

Source:

① "Recommendations on accelerating the development of the biomedicine industry by the People's Government of Jinshan District" and "Recommendations on accelerating the development of advanced materials and high and new technology industries by the People's Government of Jinshan District"

② Information provided by Jinshan Industrial Park

③ "Recommendations on accelerating the innovation-driven restructuring and development of Specific, Distinguished and New SMEs" and "Notice of Trial Standards for Specific, Distinguished and New SMEs"

3.3 Government Services

Efficient, Standardized, Professional and Practical Government Services

The Park has a one-stop public service center designed to develop a variety of government services, such as financing, consulting, testing, personnel and cooperation with enterprises, universities and research institutions. The service center will provide "end to end" multi-dimensional support to its customers.

"The Park has a dedicated project service department that offers professional services, as well as a project promotion group responsible for coordinating and promoting the approval of business projects. This saves considerable communication and coordination time and is very helpful to enterprises."

— Huafon Aluminum Co., Ltd.

Huafon Aluminum Co., Ltd. produces various kinds of aluminum alloy and is one of the companies that has the region's largest production capacity for manufacturing aluminum heat-transfer materials as its main product.

Corporate financial services platform:

- Incorporates an information trading platform for intellectual property, patents and equity
- Facilitates corporate restructuring and upgrades, and encourages various types of capital investment in the construction of Park industries
- Works with financial institutions to support SMEs by providing financing assistance via premium loans

Policy consulting platform:

- Organizes regular exchange activities
- Provides policy advice
- Promotes the exchange of information and resources
- Provides support for applications for preferential policies and special funding

Quality certification and testing services platform:

- Incorporates three major platforms: a national Publication Quality Supervision and Inspection Center, a Shanghai eco-friendly certification-testing center, etc.
- Provides support for corporate product testing, system certification and standardization operations

Service platform for enterprises, universities and research institutions:

- Leverages synergies between enterprises, universities and research institutions to assist with field research and publication of research results
- Supports businesses' R&D activities, promotes the transfer of technological achievements and encourages the exchange of innovative resources

Integrated talent services platform:

- Provides support for resolving human resource issues
- Assists in recruiting a range of technical and management personnel
- Jointly develops vocational education and training

Source:

12th Five-Year Plan for Jinshan Industrial Park and information provided by Jinshan Industrial Park

4. Environment for Business Cooperation

- 4.1 Environment for Business Cooperation: Introduction
- 4.2 Financial Environment
- 4.3 International Integration
- 4.4 Commercial Support Facilities/ Business Exchanges

4.1 Environment for Business Cooperation: Introduction

As industries are drawn to Shanghai and collaboration with foreign countries increases, Jinshan Industrial Park is enhancing the integration of industry and capital. Through its strategic relationships with international organizations and institutions, the Park is creating opportunities for international business cooperation.

“Enterprises can utilize the advantages of the Park’s industry clusters to establish connections between upstream and downstream businesses, as well as a platform for interacting with other enterprise in the same sector, allowing enterprises to seek opportunities for collaboration. Enterprises that can successfully connect with other enterprises will potentially be able to achieve a zero inventory position, thus minimizing the operational costs.”

– Shanghai Nong Shim Foods Co., Ltd.

Nong Shim Corporation was founded in 1965. It is a large-scale Korean food-manufacturing corporation focusing on instant noodles and other food products. It has established a strong sales network that stretches across the world with products sold in more than 80 countries and regions. Shanghai Nong Shim Foods Co., Ltd. is the first overseas factory of Nong Shim Corporation.



4.2 Financial Environment

“There are quite a few financial institutions in Jinshan Industrial Park, including four large state-owned banks and a number of local commercial banks, providing enterprises with added convenience.”

– Shanghai Triowin Automation Machinery Co., Ltd.

Shanghai Triowin Automation Machinery Co., Ltd. is a modern, high-tech company specializing in a range of turnkey services, such as fruit and vegetable juice beverage equipment, concentrated fruit and vegetable juice, beverage manufacturing equipment for tea and installation projects for entire factories.

Shanghai: China's Financial Center

According to the 2012 Xinhua-Dow Jones International Financial Centers Development Index, Shanghai maintained its 2011 sixth place ranking in international financial center development. Measured in terms of growth and development criteria, Shanghai ranked first for the third year in a row.^①

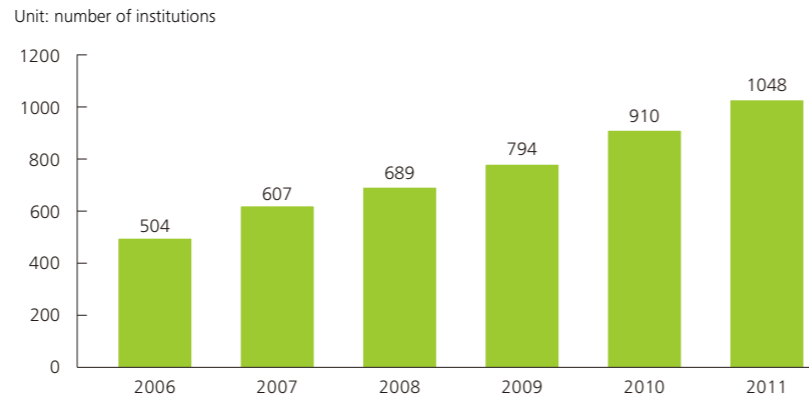
Shanghai's fully developed financial market system makes it mainland China's largest, most comprehensive, powerful and dynamic location for financial innovation.

Continuing Improvement in Jinshan District Financial Environment

Reform and innovation in Jinshan District has greatly improved the financial operating environment and contributed to the development of a regional financial sector. Jinshan District is now able to provide comprehensive professional financial services and financing support for businesses in the region.

Source:
① Shanghai Municipal Science and Technology Commission website
② Government of Jinshan District website

Growth in Number of Shanghai's Financial Institutions



Data Source: 2012 Shanghai Annual Statistical Report

List of Financial Innovations for Jinshan District, Shanghai in 2012^②

Corporate financial services platform	<ul style="list-style-type: none"> Work with financial institutions to support SMEs by providing financing assistance via premium loans
Development of new types of financial operations	<ul style="list-style-type: none"> Establishment of the “Entrepreneurial Jinshan” development fund in Jinshan and the first sub-fund, Tianyi Investment Fund
Growing cooperation between banks and enterprises	<ul style="list-style-type: none"> Signature of a cooperation framework agreement among the Industrial and Commercial Bank of China, China Minsheng Bank, Shanghai Rural Commercial Bank and others
Establishment of a recommendation system for corporate credit	<ul style="list-style-type: none"> Provision of assistance for the setting up of six small loan companies in Jinshan District (including a new addition in 2012) RMB 8.57 billion in loans extended to date
Research into and implementation of a technology-based financial model	<ul style="list-style-type: none"> Grant of RMB 87.6 million in unsecured loans to 21 high-tech SMEs

4.3 International Integration

Sister Cities^③

Jinshan District has developed friendly relations with cities in other countries that have similar economies, cultures and education levels, including:

- Bolingbrook, Illinois, US
- Aki, Kochi Prefecture, Japan
- Ozu-machi, Nagasaki Prefecture, Japan
- South Gippsland, Victoria, Australia

Jinshan District's Total Import and Export Volume Continues Growing^④

Jinshan District's total import and export volumes in 2012 amounted to USD 4.8 billion, representing an annual increase of 4.7%:

- Imports: USD 2.55 billion (annual increase of 2.5%)
- Exports: USD 2.24 billion (annual increase of 7.4%)

International Exchanges^⑤

The Jinshan District government is developing close ties with business delegations and consulates in Shanghai with a view to apprising overseas investors of opportunities for industrial development and investment in Jinshan, and encouraging them to visit the Park. The government also is arranging for businesses in the region and overseas investors to participate in exchanges and collaborations with a view to helping them identify business partners with development potential.

List of 2011 International Exchanges for Jinshan District, Shanghai

- Business representatives of the Consulate General of the United States visited Jinshan District
- The governor of Utah travelled to Jinshan District to share Utah's experience in applying new low carbon energy technologies and energy conservation/environmental protection technologies
- The University of Utah's EMBA delegation visited the Jinshan District to investigate the investment environment
- Belgium's Science Parks of Wallonia made field visits to Jinshan Industrial Park^⑥



Source:
① Foreign Affairs of Jinshan District website
② Statistical Bulletin of National Economy and Social Development of Jinshan in 2012
③ Jinshan Industrial Park, Shanghai website

4.4 Commercial Support Facilities/Business Exchanges



Hotel and Conference Facilities

Jinshan District has a number of five star hotels and offers a convenient transportation network, a hospitable environment and a range of courtesy services. The District's excellent conference facilities for hosting business functions, and the presence of 11 star-rated hotels and a number of well-known hotel chains make it a convenient business trip. ①

"Weekend Afternoon Tea" Salon for Entrepreneurs②

Jinshan Industrial Park regularly organizes "Weekend Afternoon Tea" salons for entrepreneurs, with a view to offering a forum for the sharing of business success stories.

The Park invites personnel from Shanghai's SMEs' legal service center and staff from Jinshan's service center, recruiting center, labor and social security bureau and other departments to discuss overall policies and specific cases, primarily relating to financing and listing, legal services, recruitment and labor disputes.

"Kanai is very optimistic about the Chinese market, so we will be expanding into China. We have chosen to invest in Jinshan Industrial Park primarily to strengthen our support and cooperation with our valuable customers residing and operating in the Yangtze River Delta region, which is within a one-hour drive of the Park. Our customers are industry leaders and have attracted a large number of businesses in the supply chain to invest and operate in the neighboring area. This has created a significant clustering effect that has greatly benefited the company."

— Kanai Tocsen Industries (Shanghai) Co., Ltd.

Kanai Tocsen Industries (Shanghai) Co., Ltd. was established in Jinshan Industrial Park, Shanghai in 2003 with a registered capital of USD 40 million. The company mainly produces steel cords used specifically in automobile tires, cutting wires for solar cell silicon materials and reinforced wires for large machinery hoses.

Source:

①Information provided by Jinshan Industrial Park

②Shanghai Municipal People's Government website

5. Human Resources

5.1 Human Resources: Introduction

5.2 Human Resources Supply

5.3 Human Resource Costs

5.1 Human Resources: Introduction

The availability of human resources with the necessary degree of professional specialization and international capacity plays a critical role in the advancement of business development and industrial improvement. The ability of manufacturing enterprises to succeed in their business operations will be largely dependent on whether they can command an adequate and stable supply of well-educated industrial workers.

Jinshan Industrial Park is already able to leverage its natural advantages to attract and retain many talented individuals from Shanghai and the Yangtze River Delta region. Combined with Jinshan District's ongoing improvement of its basic education and vocational education programs, this provides enterprises with an excellent human resources environment.

“Jinshan District's talent pool satisfies the basic needs of our business. More than 85% of our industrial workers come from Jinshan. Local Jinshan employees are very stable with a low turnover rate, which reduces the cost of employment staff.”

– Magna Automotive Mirrors (Shanghai) Co., Ltd.

Magna International, a Fortune 500 company with its headquarters in Ontario, Canada, is the world's third largest auto parts supplier.



5.2 Human Resources Supply

Vocational Education System^①

Jinshan District has a well-developed vocational education and technical training system. Its more than 40 vocational education schools, youth training and other training bases provide vocational orientation training to meet the business demand for local labor resources.

In 2011, the Jinshan authorities arranged for 1,150 young people to participate in vocational training, and for 6,986 individuals to participate in vocational skills training, enabling young employees to develop their skills and delivering qualified staff to businesses.

School-Enterprise Cooperation and Job-Oriented Training^②

Jinshan District prioritizes vocational education and the development of employees for the technology industry, and actively explores opportunities for vocational schools and business enterprises to educational and job-oriented training programs within various vocational institutions. For example:

East China University of Science and Technology (Jinshan Campus)

East China University of Science and Technology, the country's preeminent institution of higher learning in the field of chemistry, has partnered with Jinshan Industrial Park to build a training center to provide advanced personnel training and corporate training for senior management personnel.

Shanghai Petrochemical Academy

Shanghai Petrochemical Academy, which currently has 6,600 students, actively promotes

training programs jointly run by vocational schools with Bayer, Shanghai Petrochemical Co., Ltd. and other well-known enterprises.

Shanghai Food Science and Technology School

Shanghai Food Science and Technology School has more than 1,700 students and has a 100% graduate employment recommendation rate and a more than 95% employment take-up rate. The school maintains long-term cooperative relationships with dozens of companies (e.g. Bright Dairy and Danone Yogurt) to provide job-oriented training.

Jinshan's Talent Market^③

In 2011, Jinshan hosted 11 different job fairs with the participation of 253 enterprises. 6543 job-seekers who attended the fairs were able to secure 1,459 positions in a wide range of industries.

Going forward, Jinshan will pursue its market-oriented operational approach to meet the needs of both employers and job seekers of all types.

Shanghai Petrochemical Academy^②

- Shanghai Petrochemical Academy is a secondary/vocational school that plays a key role in both a national and regional context. It is an advanced facility whose responsibility, in addition to directly providing vocational education, is to offer professional advice to national vocational and technical schools.

Shanghai Food Science and Technology School^②

- Shanghai Food Science and Technology School is a full-time, A-Grade specialized secondary school. It has a reputation as an outstanding advanced learning center that is linked into the national education network.

Source:

① Jinshan Industrial Park Investment Guide

② Shanghai Petrochemical Academy and the Shanghai Food Science and Technology School websites

③ "Compilation of 2013 Conference Materials for the Economic Work in Jinshan Industrial Park"

5.3 Human Resource Costs

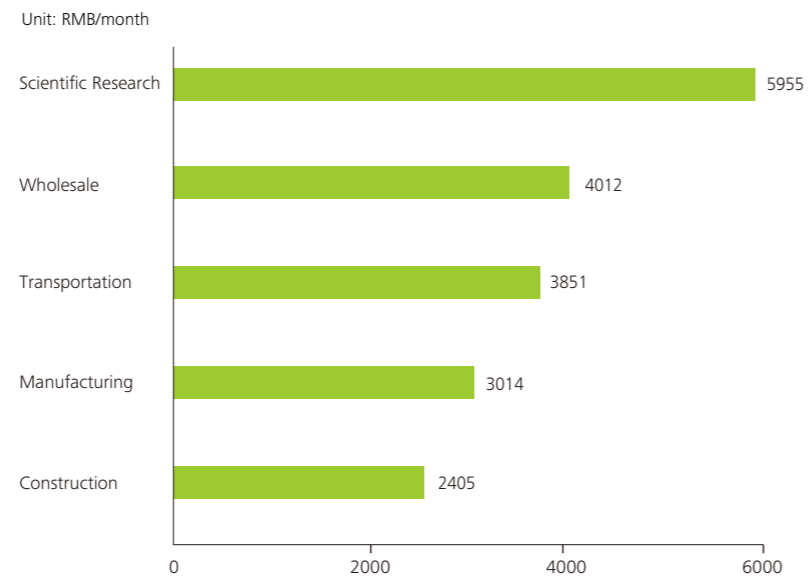
Employee Salary Levels

In 2011, employees in Jinshan District enjoyed an average monthly salary of RMB 3,377, somewhat lower than the average monthly salary in Shanghai (RMB 4,331) giving it a competitive advantage, particularly now that employee salary costs are on the rise.^①

Employee Social Welfare and Security Costs

Companies must pay a fixed percentage of salaries by way of social security contributions for their employees in China, including social insurance and housing fund contributions. The table below illustrates that social security payments made by Shanghai businesses account for 37% of total salary costs.^②

Average Salary of Employees in Jinshan District in 2011



Data Source: 2011 Annual Statistical Report of Jinshan, Shanghai

Breakdown of Various Social Security Payments for Businesses in Jinshan District

Social Security Category	Salary Rates
Unemployment insurance	1.7%
Pension	22%
Medical insurance	12%
Occupational injury insurance	0.5%
Maternity insurance	0.8%
Total	37%

Data Source: "People's Government of Shanghai Municipality's Notice of Some Problems Concerning the Participation by Employers and their Employees in Social Insurance for Urban Workers"



Source:
 ① Shanghai Municipal Human Resources and Social Security Bureau website
 ② 2011 Annual Statistical Report of Jinshan, Shanghai

6. Infrastructure

- 6.1 Infrastructure: Introduction
- 6.2 Factories and Land
- 6.3 Public Facilities

6.1 Infrastructure: Introduction

While reliable infrastructure is a cornerstone of efficient business operations, in recent years, vacant industrial land in Shanghai has become increasingly scarce and the cost of land has increased year by year.

Jinshan's abundant supply of comprehensively developed industrial land and well-established transportation network has enabled Jinshan Industrial Park to attract a great deal of investor attention and the Park is becoming a preferred destination for the establishment of foreign-funded businesses.

“The infrastructure planning and construction of Jinshan Industrial Park gives enterprises plenty of choices in site selection. Enterprises can see that the land has already been leveled and that roads have already been built and are in use. In other words, the Park creates an ‘all-roads-lead-to-Rome’ landscape for enterprises to settle in.”

– Shanghai Dongfulong Pharmaceutical Equipment Manufacturing Co., Ltd.

Shanghai Dongfulong Pharmaceutical Equipment Manufacturing Co., Ltd. is involved in the R&D, design, production, sales and services in connection with medical freeze-dryers and freeze-drying systems for integration into high-tech enterprises. The company was successfully listed on Shenzhen Stock Exchange's Growth Enterprises Market (GEM) in 2011.



6.2 Factories and Land



Land Supply^①

Jinshan Industrial Park is one of the few industrial parks in Shanghai with an abundant supply of land. The Park has a "two-plan-integration"^② system: its total industrial land area is 16.1 km², of which 7.6 km² already has been sold, with 8.5 km² remaining available for purchase.

“Schneider Electric’s R&D branch in Shanghai has a very high demand for electricity. The Park’s government has provided great support in allowing businesses to set up a dedicated line to provide full power protection.”

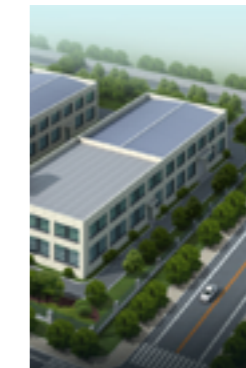
– Schneider Electric (China) Co., Ltd. (Shanghai Branch)

Schneider Electric provides total solutions in energy and infrastructure, industry, data centers and networks, and buildings and residential markets for more than 100 countries around the globe, making it a world leader in these markets.



Industrial Land Development^①

The industrial land in Jinshan Industrial Park benefits from a comprehensive "seven accesses and site leveling" infrastructure, ensuring that enterprises enjoy a well-developed industrial environment featuring smooth traffic flows, adequate energy supplies, a well-established communication system, piped gas, water supply, sewage disposal, drainage and a comprehensive communications channel.



Land Acquisition and Plant Construction

Investors can obtain land use rights through bidding, auction or listing. All relevant land has been leveled and infrastructure installed. Enterprises may either lease or purchase standard plant and buildings within the Park or may construct or commission the construction of plant customized to their needs.

Source:

① Information provided by Jinshan Industrial Park

② "Two-Plans-Integration": Merging Land-use Planning and Overall Urban Planning

6.3 Public Facilities



Power Supply

Jinshan District has a high-quality power supply network that provides sufficient power to businesses in the region. The main features of the network are:

- 28 substations (35 kV and above)
- 5,596 transformers (10 kV distribution)
- 2308.2 km of overhead transmission lines (10 kV and above)

During the 11th Five-Year Plan Period, Jinshan Industrial Park built a new 220,000-volt transformer substation. In 2011, the Park had an annual generating capacity of 220 million kWh, providing industries with an ample supply of electricity.

Urban Water Supply

At the end of 2011, there were four water plants in Jinshan District with a water-supply capacity of 404,000 m³/day, providing a stable and sufficient supply of tap water.

During the 11th Five-Year Plan Period, Jinshan Industrial Park built a 40,000-ton water-supply booster station. The water supply in 2011 was 9.12 million m³, which fully satisfied the water demands of all industrial enterprises in the Park.

Natural Gas Supply

Since natural gas is a clean, efficient, high-quality fuel, the proportion of the world's primary energy consumption of natural gas is increasing. Jinshan Industrial Park had an annual gas-supply capacity of 8.6 million m³ in 2011, ensuring a stable supply of natural gas in the Park.

Sewage Treatment

At the end of 2011, Jinshan District had seven municipal waste-water treatment plants with a total processing capacity of 378,000 m³/day, a 75,000 m³/day increase compared to 2010, representing a percentage increase of 24.7%.

The urban sewage treatment plants in Jinshan District had a sewage-treatment capacity of 62,833,000 m³ in 2011, representing 80.3% of the region's urban sewage treatment. During the 11th Five-Year Plan Period, Jinshan Industrial Park built five sewage pump stations.

7. Living Environment

- 7.1 Living Environment: Introduction
- 7.2 Ecology and Living Environment
- 7.3 Education and Healthcare Environment
- 7.4 Jinshan Attractions

7.1 Living Environment: Introduction

Jinshan District has a comfortable climate, a good ecosystem and rich cultural resources. Its coastline stretches 23.3 km with sand beaches set against a mountain backdrop. The District is committed to meeting business needs while providing investors with an attractive place to live and work.

Jinshan's recognition that a comfortable living environment is both a prerequisite of modern urban construction and conducive to attracting local and international talent bodes well for its future urban development initiatives.

“The living environment of Jinshan District is very good, being eco-friendly, convenient and a blessed with good residents. More importantly, although the cost of living in Shanghai has steadily increased over the past two years, Jinshan Industrial Park has maintained a lower cost of living than other urban areas. Enterprises can lease suitable living quarters for their employees while reducing their labor costs.”

— Shanghai SynTheAll Co., Ltd.

Shanghai SynTheAll Co., Ltd. is a subsidiary of WuXi PharmaTech that leverages the powerful chemical-research capabilities of its parent to provide world-class experimental equipment and test instruments.



Source:
China Oceanic Information website

7.2 Ecology and Living Environment

‘Greening’ and Air Quality^①

In 2011, Jinshan District had an excellent air quality rating of 94.8% and a ‘green’ coverage rate of more than 37%. It has received the following commendations:

- Nation’s Advanced City Landscape
- Nation’s Top Ten City for Afforestation
- Nation’s Garden City
- Nation’s Clean and Civilized Urban Area in Shanghai

By the end of 2011, Jinshan Industrial Park’ road system boasted green coverage of 480,000 m² and its rivers green coverage of 130,000 m², i.e. a total green coverage of 610,000 m².

High-Quality Community: New Jinshan Coastal City

Jinshan New Town is one of Shanghai’s seven new towns and the only coastal town. Jinshan New Town will be fully completed during the 12th Five-Year Plan Period. The New Town will combine business and leisure by developing and integrating industrial services and residential areas. It will be the core town on the northern bank of the Hangzhou Bay for the development of coastal tourism.

Reliable Public Security^②

Jinshan District places significant emphasis on public security and actively works to create a safe community. Jinshan District was named “Shanghai’s Safe Community of 2011.”

“Jinshan’s cultural and residential environment is very good. The people are friendly, very warm and inviting, which makes for a comfortable place to live and work. Moreover, the public security here is good, allowing businesses and residents to feel at ease.”

— Shanghai Lee-Want Foods Ltd.

Shanghai Lee-Want Foods Ltd. manufactures confectionery products, chocolate products and snack foods. Its efficient management team and strong technical work force ensure the creation of quality products.



Source:
① Information provided by Jinshan Industrial Park
② “Compilation of 2013 Conference Materials for the Economic Work in Jinshan Industrial Park”

7.3 Education and Healthcare Environment

Increasingly Sophisticated Educational Environment^①

Jinshan District currently has a total of 115 schools across all levels. These include a key national vocational school, two of Shanghai's experimental model high schools, three of Shanghai's quality education experimental schools and a Shanghai model kindergarten.

Shanghai Maple Leaf International School

Shanghai Maple Leaf International School is a high school jointly organized by China and Canada and located in Jinshan District. The school offers bilingual courses meeting the requirements of both countries. Graduates are entitled to receive diplomas from China and Canada.

Jinshan Middle School

Jinshan Middle School is a modern boarding school that was founded based on Shanghai's experimental high-school model. The school has been awarded such honors as "Shanghai's Middle School Code of Conduct Demonstration School" and "Shanghai's Experimental Base for Two Curriculum Reform."

Health Care Environment^②

Jinshan District has 180 health care institutions, including two well-known general hospitals, Shanghai's Sixth People's Hospital (Jinshan Branch) and Fudan University's Jinshan Hospital.

Community Health Care Services

Jinshan District is committed to developing quality health care services. The establishment of hospitals for the various communities means that all Jinshan residents are within a 15-minute walk of health care facilities.

Number of Health Care Facilities in Jinshan District	
180	Number of health care institutions
3820	Actual number of beds in health care institutions
14	Number of health care service centers
1514	Number of practitioners

Data source: "2012 Annual Statistical Report of Jinshan, Shanghai," Information provided by Jinshan Industrial Park



Source:
 ① Statistical Bulletin of National Economy and Social Development of Jinshan in 2012
 ② Information provided by Jinshan Industrial Park

7.4 Jinshan Attractions



Business and Leisure Facilities

Shanghai Equestrian Sports Ground

The equestrian sports ground is located in Jinshan District providing an all-in-one facility for equestrian training, competition and other activities. It is the nation's only four-star racecourse to host equestrian events sponsored by both the Chinese Equestrian Association and the UK's CHS certification system, and also offers certified equestrian training.

New Tianhong Celebrity Golf Course

Jinshan District's New Tianhong Celebrity Golf Course has a standard traditional golf course. It boasts a golf resort hotel, an international conference center, a villa area and beautiful surroundings, making it suitable for both leisure activities and the hosting of business events.

Shanghai Southwest Fishing and Leisure Center

Shanghai Southwest Fishing and Leisure Center, which is located close to Jinshan's southwest coastline, offers vacation pursuits such as fishing, relaxation and leisure travel. ^②

Variety of Sports and Cultural Projects^①

Jinshan District successfully held the following international sporting events during 2011:

- 14th FINA World Championships Open Water Swimming Competition
- SWATCH FIVE Beach Volleyball World Tour
- 2011 Open Water National Championships
- National Beach Volleyball Tour in Shanghai



Source:
 ① Statistical Bulletin of National Economy and Social Development of Jinshan in 2011
 ② Information provided by Jinshan Industrial Park

8. Research Summary of Enterprises in Jinshan Industrial Park

- 8.1 Overview
- 8.2 Research Summary

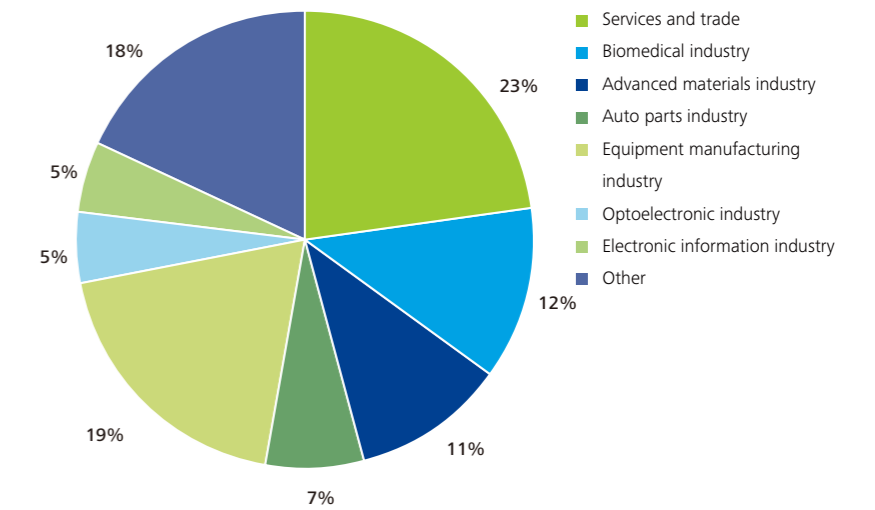
8.1 Overview

The summary examines the importance of several aspects of the investment environment in Jinshan Industrial Park. Deloitte used questionnaires and interviews to gauge the satisfaction level of businesses operating in the area. Sixty questionnaires were distributed, 57 of which were completed. The limited number of companies surveyed in this sample, the findings should only be used for general reference purposes.

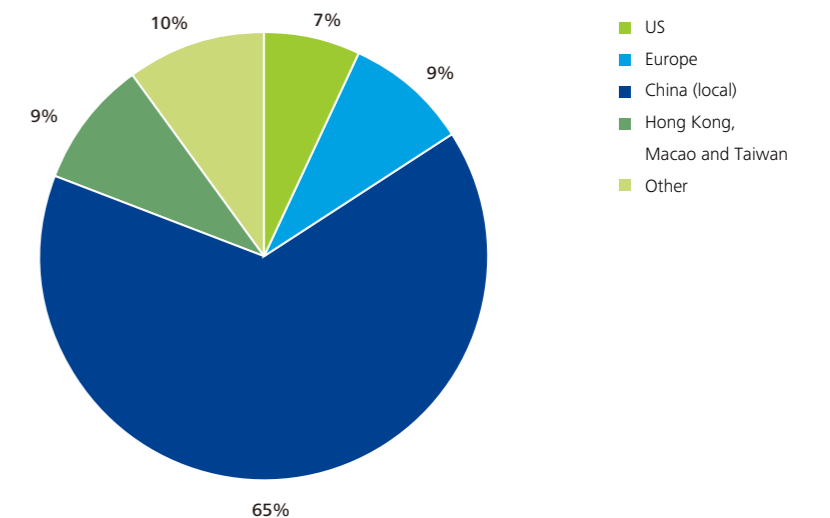
Of the questionnaires completed, 13 were completed by services and trade enterprises, accounting for 23% of the total; 11 by manufacturing enterprises (19%); seven by biomedicine and accounting enterprises (12%); six by advanced-materials enterprises (11%); four by auto parts enterprises (7%); three by optoelectronic enterprises (5%); three by electronic-information and manufacturing enterprises (5%). Ten questionnaires were received from enterprises operating in other sectors.

The research results reflect the responses of the above enterprises to the investment environment of Jinshan Industrial Park. The enterprises concerned originate from a number of different countries: 37 were local Chinese enterprises, accounting for 65% of the total; five were enterprises from Hong Kong, Macao and Taiwan (9%); five were European enterprises (9%); four were US enterprises (7%) and six were enterprises from other regions (10%).

Industry Distribution of Enterprises Surveyed



Investment Source Distribution of Enterprises Surveyed



Source: Questionnaire Statistics for Jinshan Industrial Park

8.2 Research Summary

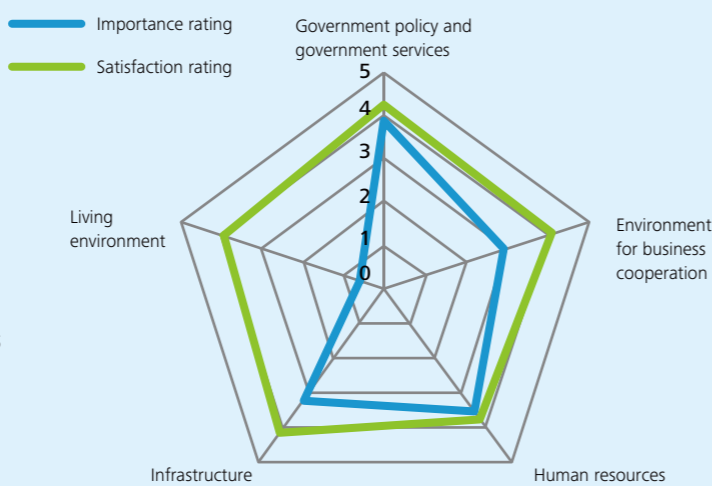
Satisfaction with the Investment Environment and Factors That Are Important

Of the five aspects of the investment environment of Jinshan Industrial Park that were surveyed, the greatest satisfaction was achieved in the following:

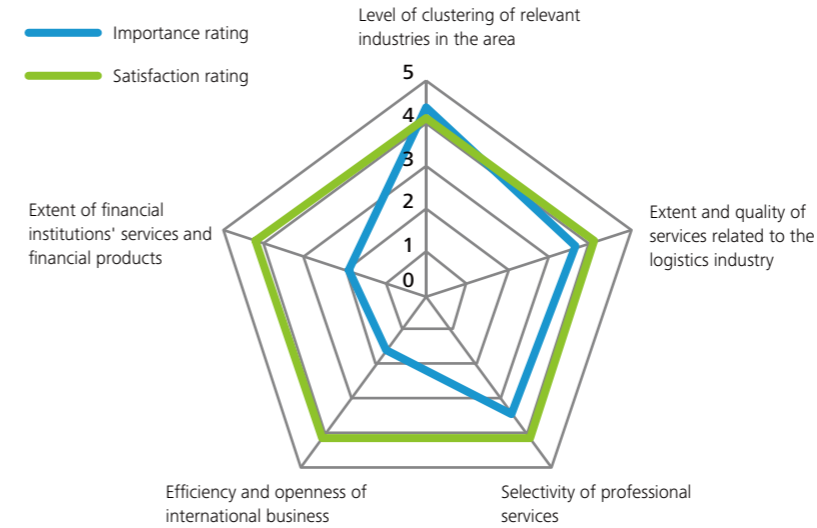
- Government policy and government services
- Environment for business cooperation
- Infrastructure

Of the five surveyed aspects of the investment environment of Jinshan Industrial Park, the respondents believe that the following require the most focus to attract foreign investment:

- Government policy and government services
- Human resources
- Infrastructure

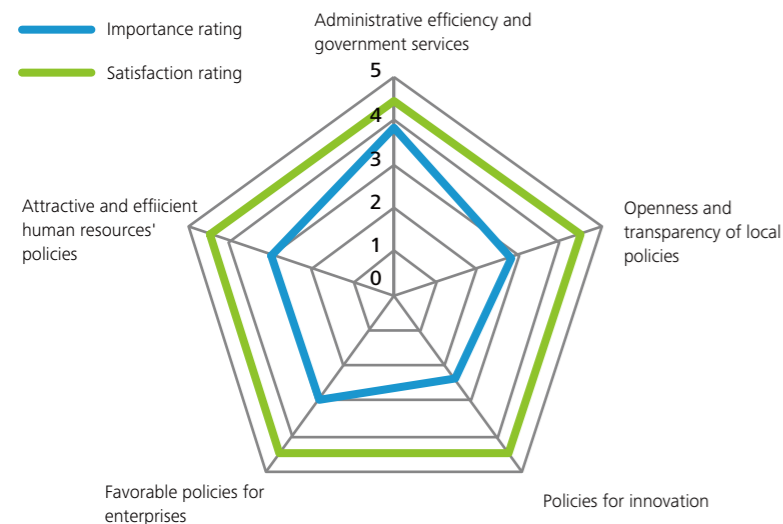


Environment for Business Cooperation



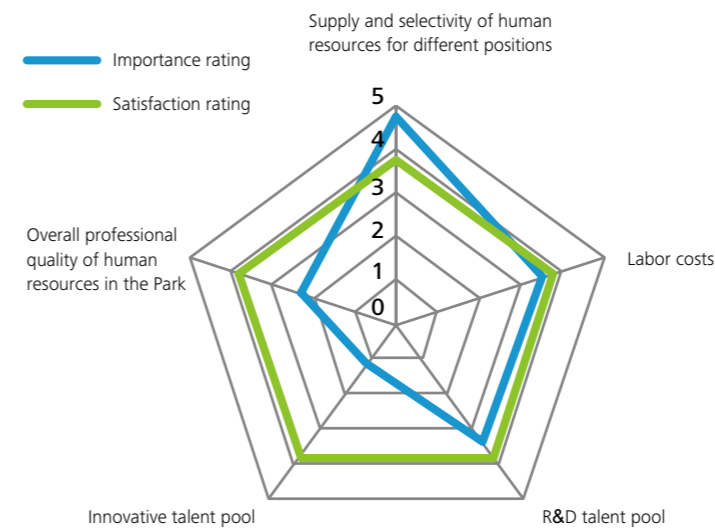
- 57.9% of respondents believe that the environment for business cooperation is very important for the investment environment. The respondents believe the level of clustering of relevant industries around the area, the extent and quality of services related to the logistics sector and the selectivity of professional services are the most important.
- 94.7% of respondents are satisfied with the Park's environment for business cooperation. The respondents are most satisfied with efficiency and openness of international business, the selectivity of professional services, the extent of financial institutions' services and financial products.

Government Policy and Government Services



- 94.7% of the respondents believe that government policy and government services are critical for the investment environment. The respondents find administrative efficiency and government services, favorable policies for enterprises and attractive and efficient human resources' policies to be the most important features.
- 98.2% of enterprises are satisfied with government policy and government services in Jinshan Industrial Park. The respondents are most satisfied with innovation policies, the openness and transparency of local policies and favorable policies for enterprises.

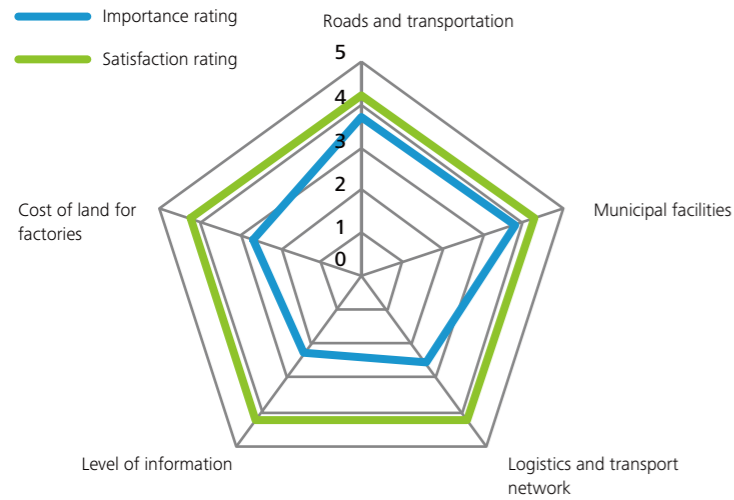
Human Resources



- 70.2% of respondents believe that human resources are very important for the investment environment. The respondents believe that the supply and selectivity of human resources for different jobs, the cost of human resources and R&D talent pool are most important.
- 87.7% of the enterprises are satisfied with Jinshan Industrial Park's human resources. The respondents are most satisfied with the quality of staff in the Park, labor costs and the R&D talent pool.

8.2 Research Summary (cont'd)

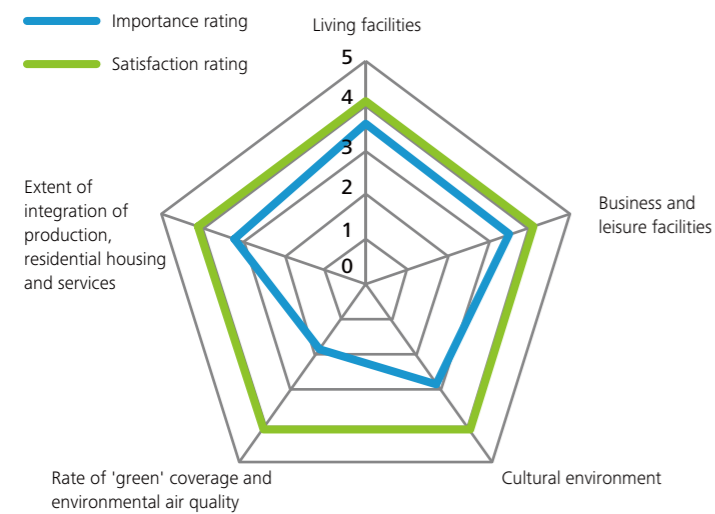
Infrastructure



- 64.9% of respondents believe infrastructure is very important to the investment environment. The respondents believe that municipal facilities, roads and transportation and the cost of land for factories are the most important.
- 93% of respondents are satisfied with Jinshan Industrial Park's infrastructure. The respondents are most satisfied with the logistics and transportation network, the municipal facilities and the cost of land for factories.

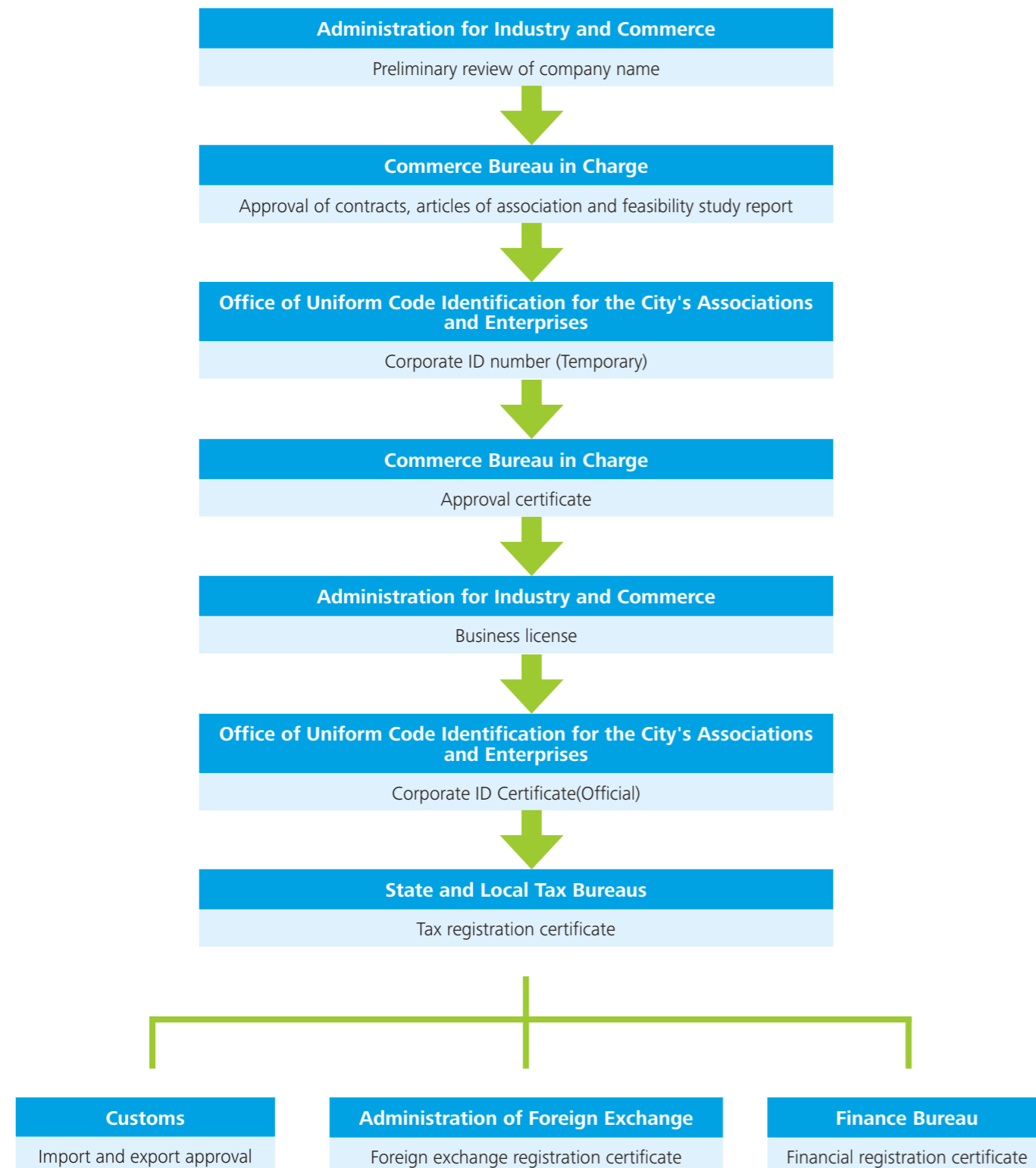
Appendix

Living Environment



- 12.3% of respondents believe that the living environment is very important for the investment environment. The respondents believe that the following features are the most important: living facilities, business and leisure facilities, the extent of integration of production, living conditions and services.
- 94.7% of respondents in Jinshan Industrial Park are satisfied with the living environment. The respondents are most satisfied with the Park's cultural environment, living facilities and business and leisure facilities.

Appendix I: General Set Up Process for Foreign-Invested Enterprises in Jinshan Industrial Park



Source:
Information provided by Jinshan Industrial Park

Appendix II: Registered Capital and Total Investment of FIEs

Forms of Capital Contribution^①

Foreign investors may contribute capital with freely exchangeable foreign currency or tangible/intangible property, such as machinery, industrial property rights and/or know-how, according to their monetary value. Subject to the approval of the relevant authorities, capital contributions also can be made with CNY profits earned in other FIEs in China.

Capital Contribution Milestone^②

Contributions to capital must be clearly set out in the relevant contract and in the company's articles of association. Lump-sum contributions must be made within six months of the date a business license is issued; if the contributions are to be made by installment, the initial contribution may not be less than 20% of the registered capital or lower than the minimum registered capital required by law, and the initial contribution must be made within three months after the date the business license is issued, with the balance paid within two years of the date of incorporation of the proposed company. Capital contributions to a China holding company should be paid up within five years.

Ratio of Registered Capital to Total Investment^③

Investors wishing to set up an FIE in China must comply with the rules governing the ratio of registered capital to total investment. Compliance with these rules is also required for any increase in capital, but not for the total investment after increase.



Total Investment	Registered Capital
Less than USD 3 million (including 3 million)	At least 70% of the total investment
USD 3-10 million (including USD 10 million)	At least 50% of the total investment, but if the total investment of a project is less than USD 4.2 million, the registered capital must be at least USD 2.1 million
USD 10-30 million (including USD 30 million)	At least 40% of the total investment, but if the total investment of a project is less than USD 12.5 million, the registered capital must be at least USD 5 million
Over USD 30 million	At least one-third of the total investment, but if the total investment of a project is less than USD 36 million, the registered capital must be at least USD 12 million

Source:
^①Rules for Implementation of the Law of the People's Republic of China on Foreign-Invested Enterprises (State Council Order No. [2001] 301)
^②Company Law of the People's Republic of China (President's Order No. [2005] 42)
^③Interim Provisions of the State Administration for Industry and Commerce Concerning the Proportion of Registered Capital to the Total Amount of Investment of China Foreign Equity Joint Ventures (Gongshangqizi No. [1987] 38)

Appendix III: Main Taxes Applicable to FIEs

Income Tax	Taxable Scope	Tax Rate
Corporate Income Tax	Resident enterprises are subject to corporate income tax on their worldwide income. Nonresident enterprises are taxed on their China-source income and income related to their offices and/or facilities maintained within China.	Statutory tax rate: 25% Tax rate for small low-profit enterprises: 20% Tax rate for high and new technology enterprises: 15% Withholding tax rate: 10%
Individual Income Tax	Individuals who are domiciled in China or who do not have a domicile but have lived in China for at least one year are taxed on their worldwide income. All other individuals are taxed only on their China-source income. There are 11 types of income, including salary and labor compensation.	Statutory tax rate: 3%-45%

Turnover Tax	Taxable Scope	Tax Rate
Value Added Tax	VAT is levied on any person and/or organization engaged in the sale of goods, the provision of processing, repair and/or replacement services, and/or the import of goods within China, and the provision of transportation and modern services within the VAT pilot reform areas.	Statutory tax rate: 0%, 6%, 11%, 13%, 17%
Consumption Tax	Consumption tax applies to entities that produce, engage other contractors to process, import or sell 14 categories of consumer goods (cigarettes, wine, cosmetics, etc.).	Ad valorem rate: 1%-56%
Business Tax	Business tax is imposed on entities engaged in activities involving immovable property and intangible assets that are not subject to VAT.	Statutory tax rate: 3%-20%
Duty	The consignees of imported goods, consignors of exported goods and owners of any product brought into China are subject to custom duties.	Various

Other Taxes	Taxable Scope	Tax Rate
Deed Tax	Deed tax is imposed on the transferee of real property, calculated as a certain percentage of the total value of the property.	Statutory tax rate: 3%-5%
Real Estate Tax	The owner of real property located in urban areas is subject to the real estate tax, based on the assessed or rental value of the property.	Statutory tax rate (assessed value): 1.2% Statutory tax rate (rental value): 12%
Land Value Increment Tax	Land value increment tax is levied on the transfer of state-owned land and/or architectural buildings and fixtures, depending on the gain realized.	Statutory tax rate: 30%-60%
Stamp Duty	Stamp duty is levied on prescribed documents and taxable vouchers.	Statutory tax rate (As per the amount on the voucher): 0.005%-0.1% Stamp duty per document: CNY 5

Source:
State Administration of Taxation as of 31 December 2012

Postscript

Report Summary

During the 11th Five-Year Plan Period, Jinshan Industrial Park continued evolved as an industrial economy. It took advantage of its strengths, accelerated the development of competitive industries and achieved steady growth in industrial production. The following are the Park's four most prominent features:

1. Good government services

The service team in Jinshan Industrial Park is efficient and pragmatic, which improves the government service platform and provides complete peer-to-peer professional support. The Park government's people-oriented service approach provides the environment with excellent and professional government services.

2. Prime location

Jinshan District is a gateway to the southwest of Shanghai and the core node of the Hangzhou Bay. Jinshan Industrial Park's location, easy access and improved public facilities provide an important base that guarantees future economic development in the Park.

3. Distinct industrial layout

Jinshan Industrial Park has formed a base for six major industries: advanced equipment manufacturing; food processing; biomedicine, advanced materials; optoelectronic industry and eco-friendly printing. These industries have clustered and are developing high and new technologies.

4. Well-established infrastructure

Jinshan Industrial Park has an abundant supply of land, a "seven accesses and site leveling" infrastructure that provides enterprises with comprehensive services. The Park has convenient transportation channels and sufficient supplies of water, electricity and natural gas for industrial use. These attributes enable enterprises to operate smoothly.

Growth Drivers

With the continued development of the economy and changing industrial patterns, the constraints of the current resources for social development are tight. In terms of land supply and operating costs, Jinshan District, as a suburb of Shanghai, has a competitive advantage compared to downtown Shanghai. Jinshan Industrial Park will continue to showcase its advantages for the development of the advanced manufacturing sector on the northern bank of the Hangzhou Bay with the construction of Shanghai's economic center and the convergence of high and new technology, talented individuals, capital and creativity.

Looking Forward

**Jinshan reaps infinite business opportunities;
Jinshan neighboring to the sea, welcomes diversity.**

Jinshan District is committed to the development of strategic emerging industries and its evolution into an area characterized by "an entrepreneurial spirit, pleasant living conditions and a harmonious atmosphere."

Jinshan Industrial Park seems poised to capitalize on its industrial progress, the resources of the Yangtze River Delta and the potential for new growth areas. At the same time, Jinshan's burgeoning advanced manufacturing industry sector seems certain to play a major role in the integration of Shanghai and the Yangtze River Delta, which is so central to China's continuing economic development.

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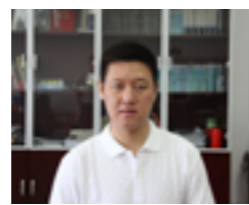


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