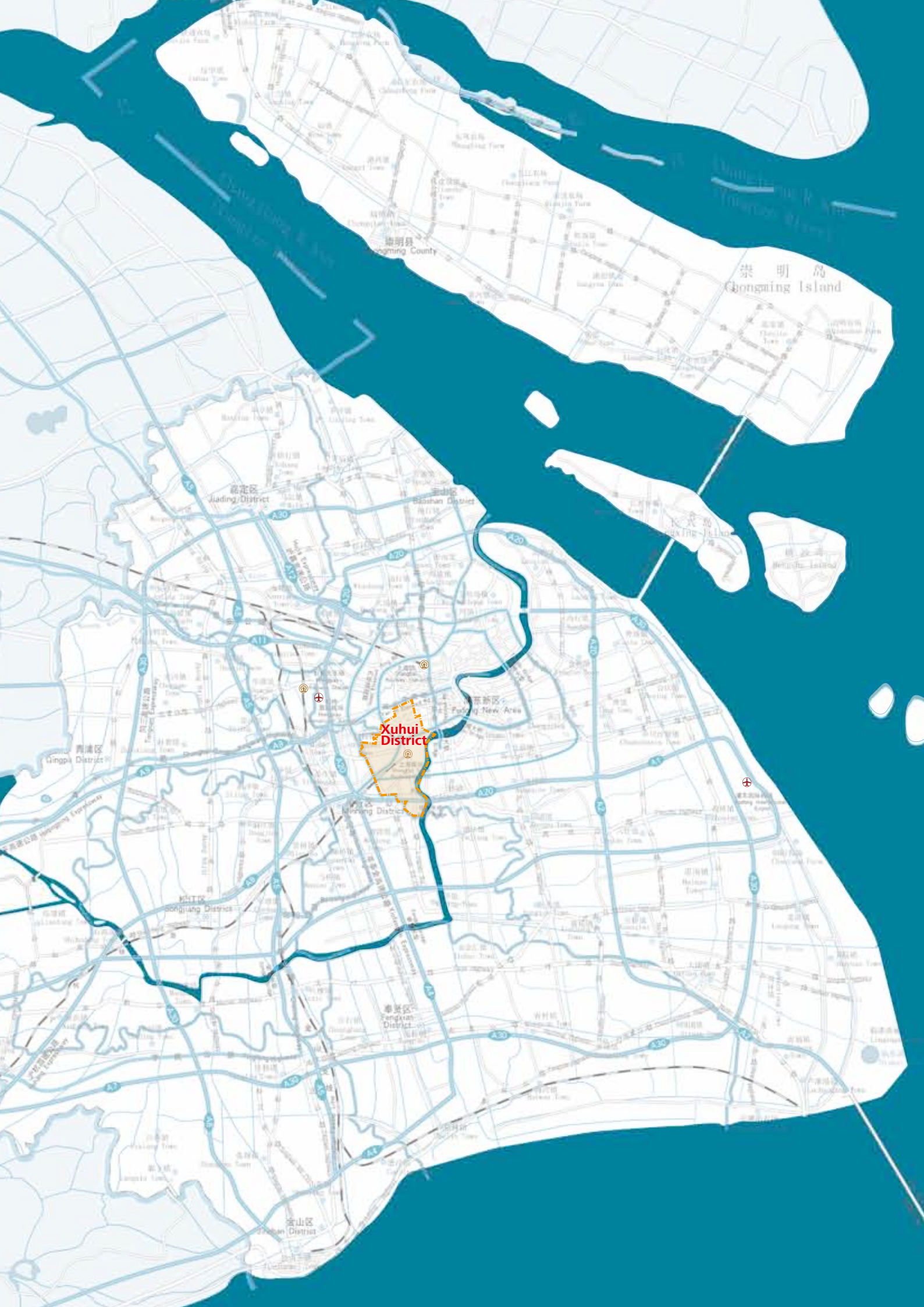




Research Report on the Investment Environment of Xuhui District, Shanghai





Xuhui District

崇明岛
Chongming Island

嘉定区
Jiading District

宝山区
Baoshan District

浦东新区
Pudong New Area

静安区
Jing'an District

杨浦区
Yangpu District

奉贤区
Fengxian District

金山区
Jinshan District

Dynamics

- 100 billion RMB GDP with world renowned enterprises
- An administration center with efficient government services
- A shopping center with easy access in all directions
 - A good combination of industries from advanced manufacturing to modern services

Attractions

- A district of culture rich in historic heritages and endowments
- A district of education rich in instruction and resources of science and technology
- A district of living friendliness rich in healthcare, recreations and housing resources

Potentialities

- The vast developing waterfront as a new land of dreams
- Caohejing High-Tech Park development zone-full of potential

One Hundred Years of...



Industry Development



Art of Music



Weather Forecasting Technology

Education



Music Recording



Architecture

Preface

Xuhui, a district located at the center of Shanghai, is distinguished by a rich blend of Chinese and Western historical and cultural heritage; a strong economic foundation; excellent facilities for science, education and public health; solid infrastructure for R&D, manufacturing, and industrial supply chains; and a highly advanced transportation network. Such attributes have attracted human resources, business opportunities, and capital from all over the world to Xuhui.

2011 marks the first year of the 12th Five-Year Plan; this is a key development period for both Xuhui District and Shanghai. Under the guidance of "innovative development, transitionally driven", Xuhui will further promote the shift from an industry-focused economy to a service-based economy, with the effort to build the District into a modern, first-class international metropolis with a green and environmentally friendly living atmosphere.

We at Deloitte & Touche Consulting ("Deloitte") are honored to have been commissioned by the Xuhui District Trade Committee to prepare a research report regarding investment possibilities.

This report will provide investors with relevant information concerning Xuhui District's investment climate and potentially aid in investment decisions. Deloitte's assessment of Xuhui was carried out from the perspective of an investor and includes a quantitative and qualitative analysis. Deloitte's research identified a number of key factors that are crucial to the region's success and indicates that the investment climate can most accurately be understood by focusing on the following five areas:

- Government policy
- International business environment
- Human resources
- Infrastructure
- Living environment

Deloitte's analysis shows that, relying on the advantages of the rich historic and cultural heritage, convenient city transportation and advanced system for education and technology, Xuhui District will further strengthen the modern services industry, in its effort to advance the development of regional headquarters. Emergent industries are ambitiously promoted, such as business consulting, financing of scientific and technological enterprises, innovative R&D, logistics management and high technology. In the near future, Xuhui will follow Shanghai's footsteps in becoming a "core center of economy, finance, logistics and trade", drawing more multinational corporations, high-tech enterprises and internationally known brands to invest in Shanghai, and ultimately enabling the city to secure the status of an internationally recognized high-end business center.

It is worth noticing that:

Xujiahui, the municipal center of Xuhui, has been listed by the Shanghai municipal government as one of the cluster areas of the modern services industry in Shanghai. Xujiahui will continue to develop its functions to keep their business district a center of knowledge and cultural integration through the 12th Five-Year Plan.

Xuhui's national high-tech development zone—Caohejing—will actively attract high-tech enterprises, and gradually form a center of R&D, sales, and operations, in hopes of helping Shanghai to achieve its strategic goal of becoming a center of international economics, finance, trade and logistics.

A section of Xuhui located along the Huangpu riverside, the "West coast cultural corridor" project has been built in the Xuhui Binjiang area. This marks Binjiang area as an industrial zone for culture and creativity, and culture will be a motivating force to promote industrial advancement and the agglomeration of high-end industries.

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1. Xuhui at a glance

1. Introduction

1.1. Overview of the investment environment-Key advantages

1.2. Location

1.3. Regional Economy-Steady Growth

1.4. Foreign investment

1.5. Modern services-Five key industries

1.6. Consumer market

1. Introduction

Located in south-western part of Shanghai, Xuhui is a well-recognized district with robust economy, well-maintained society, beautiful environment, advanced infrastructure, and rich history and culture.

Today, relying on the efficient government services and quality talent pool, Xuhui is rapidly developing to become a core center in Shanghai with rich resources in science and education, commercial prosperity, outstanding and comprehensive service functions; it is revealed through these attributes of Xuhui's unique charm and its attraction to potential investors.

"As a company operating in the Xuhui's modern services sector, we are well aware of government's excellent service, preferential business and support policies, and ongoing efforts to foster a stable business climate to help companies grow. We hope that many more outstanding companies establish themselves here and share in our development."

——SGS-CSTC Standards Technical Services (Shanghai) Co., Ltd

SGS is the world's leading inspection, verification, testing and certification company, with expertise in servicing the supply chains of a variety of sectors, including the mineral, petrochemical, consumer product and automotive manufacturing sectors. SGS' services help local and overseas businesses, governments and institutions develop sustainable solutions.



1.1 Overview of the investment environment

– Key advantages



1.2 Location

Optimal location

Xuhui District is in the southwestern part of Shanghai's city center, facing Pudong across the Huangpu River, and bordering Huangpu District, Jing'an District, Changning District, and Minghang District. Measuring 7 kilometers east to west and 13 kilometers north to south, it covers a total area of 54.9 square kilometers.

Xuhui boasts a convenient transportation network that combines the metro (Shanghai Metro lines Nos. 1, 3, 4, 7, 9, 10 run through the district, railways, elevated roads and expressways. Xuhui is a gateway that connects downtown Shanghai with the districts of Minghang, Qingpu, Fengxian and Jinshan, as well as with the provinces of Jiangsu, Zhejiang, Fujian, Jiangxi and Anhui.^①

Green Area

Xuhui is blessed with an abundance of towering oriental plane trees, adding to the district's natural aesthetic ambiance.

Stable geology

Xuhui District is located in the water network zone of Southern China, and in low floodplains. Its geological foundation is stable, and there are very few earthquakes or other geological events.

Xuhui Catholic Church built Shanghai's first weather observatory station in 1873; it is also the most important observatory station in the Far East at the time. The planned construction of the Meteorology Museum will demonstrate the most advanced meteorology observation technology over 100 years ago, as well as the observation data for the past 100 years.^②



Source:

①Xuhui Yearbook (2011)

②Shanghai Local Records Office Website

1.3 Regional Economy-Steady Growth

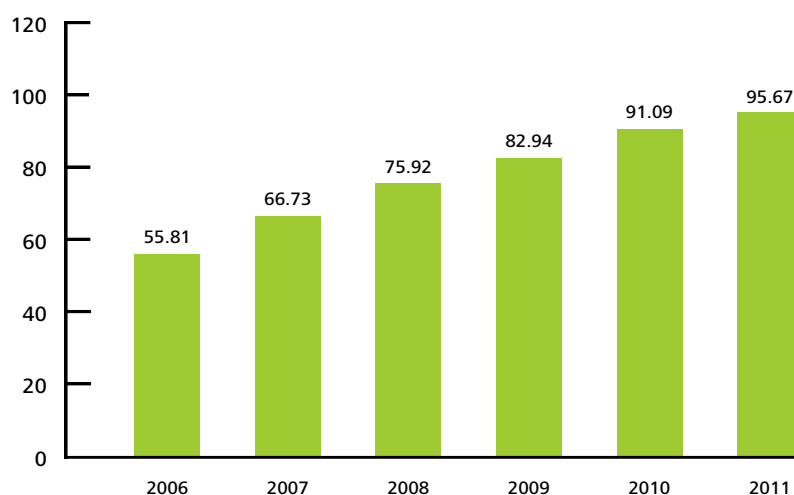
An economic powerhouse

In 2011, Xuhui District's local GDP was CNY 95.67 billion, and the tax revenue generated was CNY 25.34 billion.^①

Between 2006 and 2011, the local GDP grew at an average of rate 11.3% per year.

2006–2011 Xuhui District GDP^①

Unit: CNY 1 billion



Service sector taking the lead^②

In its efforts to optimize industrial diversification, Xuhui District actively promotes industrial restructuring.

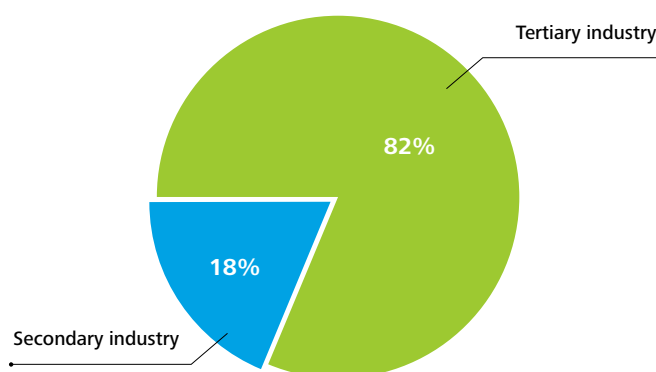
78.48

In 2011, the tertiary sector generated a total of CNY 78.48 billion in added value.

82.0%

In 2011, the tertiary sector represented 82.0% of Xuhui District's total output value.

2011 Xuhui District Industrial Structure^②



Vigorous development of High-tech industry

63.29

In 2011, the high-tech industry contributed a total output of CNY 63.29 billion, an increase of 15.2%.^①

14%

Under the 12th Five-Year Plan, the high-tech industry is expected to maintain an average growth rate of 14% per annum.^②

Note

The Statistics Bureau of China defines the three main industrial sectors as follows: follows the three-sector hypothesis defines the three industries as follows:

- Primary industry: agriculture, forestry, animal husbandry and fisheries.
- Secondary industry: mining, manufacturing, electricity, gas and water production and supply and construction.
- Tertiary industry: all industries other than the primary and secondary industry, and principally the service industry.

Source:

① Statistics Bureau of Xuhui District

② Xuhui District, Shanghai Economic and Social Development 12th Five-Year Plan

1.4 Foreign investment

Xuhui: A magnet for foreign investment

The contractual value of foreign investment in 2011 was USD 920 million, up 0.8% from 2010. There were 360 newly approved foreign direct investment projects with a contractual value of USD 470 million, and 153 capital injection projects with a contractual value of USD 450 million.^①

Foreign investment in the modern services sector

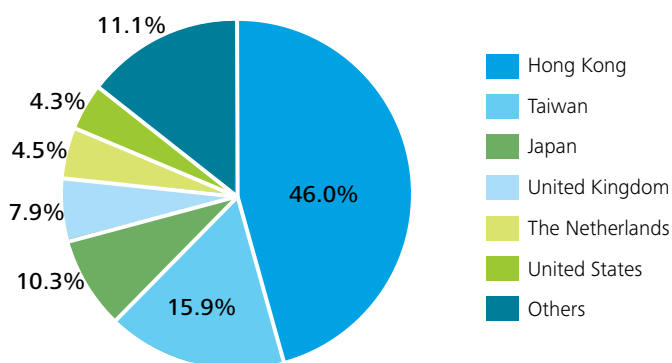
Of the 360 newly approved foreign-invested enterprises, 159 were modern services companies specializing in consulting, software, investments and R&D, accounting for 44.2% of the total.

Regional headquarters economy

In 2011, 10 regional headquarters of foreign invested companies were established in the district, six of which were investment category foreign-invested enterprises, the remainder being management category foreign-invested enterprises.

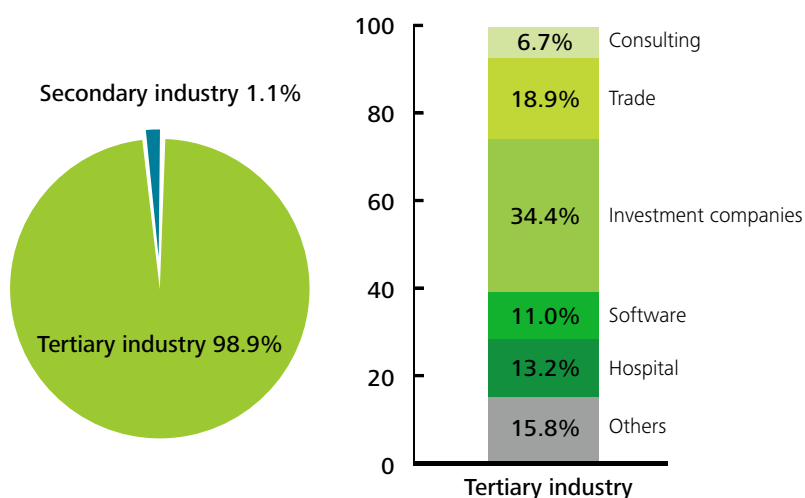
At the end of 2011, Xuhui District had 77 regional headquarters, leading all Shanghai's central districts in that category.^①

Proportion of foreign investment by country: 2011



Examples of companies with investment category headquarters	Examples of companies with management category headquarters
ExxonMobil (China) Investment Co., Ltd.	Goodyear Tire Management (Shanghai) Co., Ltd.
Kirin (China) Investment Company Limited	Kraft Foods Corporate Management (Shanghai) Co., Ltd.
Emerson Electric (China) Investment Company Limited	Fuji Electric Corporate Management (Shanghai) Co., Ltd.
Nissin Foods (China) Investment Company Limited	Adidas (China) Co., Ltd.
Yum! Restaurants (China) Investment Company Limited	Starbucks Management Consultancy (China) Co., Ltd.

Xuhui District's foreign investment composition: 2011

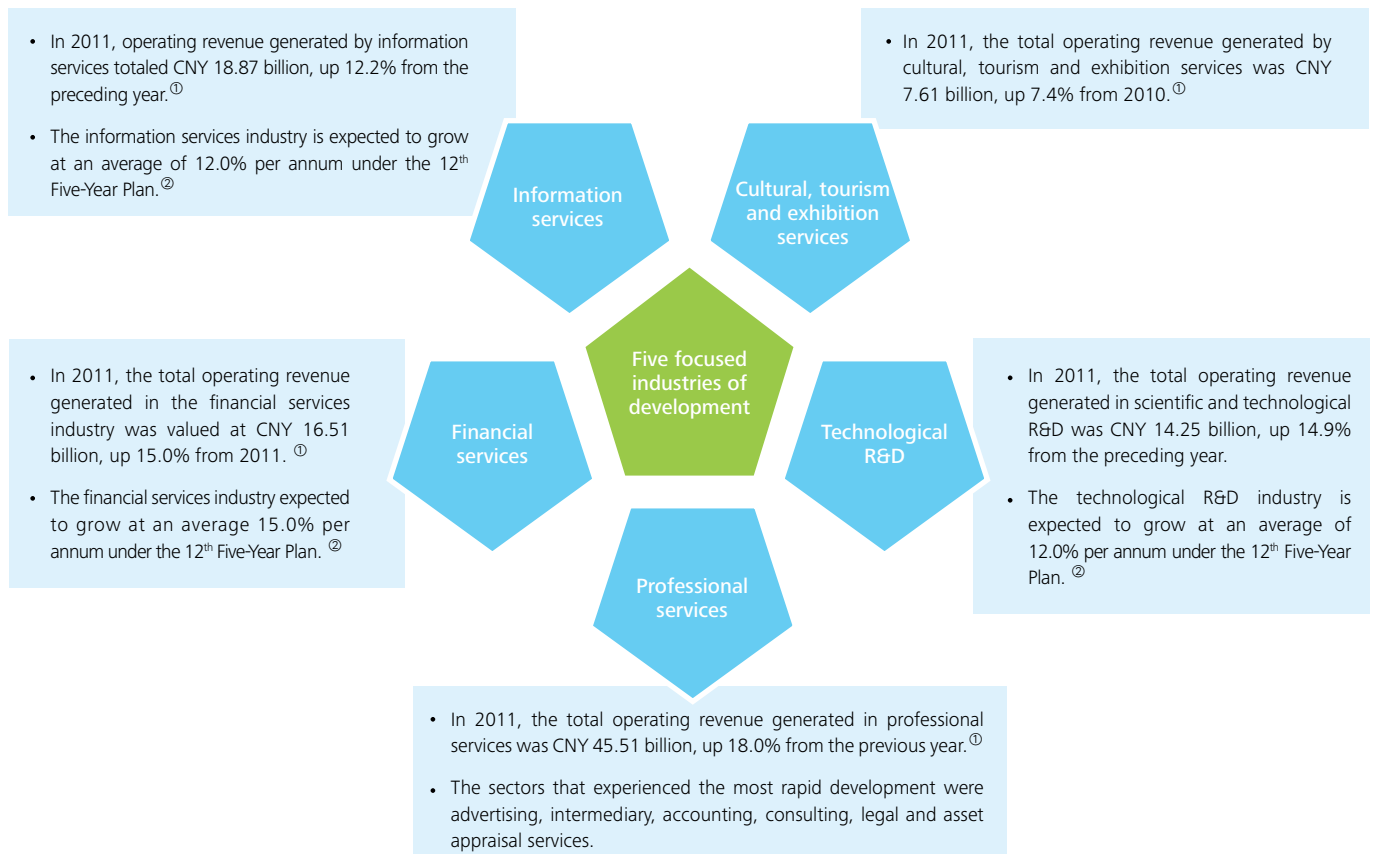


Source:
① Statistics Bureau of Xuhui District

1.5 Modern services-Five industries

In 2011, the added value of Xuhui District's modern services industry totaled CNY 34.39 billion, representing 63.1% of the district's total economic growth.

During the 12th Five-Year Plan, Xuhui District will focus on accelerating economic restructuring through the development of its modern services industry, having designated five key sectors with a view to reinforcing its position.



Source:

① Statistics Bureau of Xuhui District

② Xuhui District, Shanghai Economic and Social Development 12th Five-Year Plan

1.6 Consumer market

Steadily increasing consumption

As a result of the implementation of national policies designed to increase household income and spur domestic consumption, Xuhui District is experiencing steadily increasing rates of consumption.

Consumption patterns and steady growth will likely continue throughout the 12th Five-Year Plan period, from attracting businesses from emerging industries to establish in Xuhui.

"Super Center"

The combination of the region's unique historical and cultural foundations with its economic prosperity has made Xuhui an international super center.

In addition to the steady growth of the traditional consumption, all types of new commercial activities have been developed in the district. With the entrance of various comprehensive consumer businesses to the Xujiahui commercial center, concept of "consumer experience" has driven growth in service consumption. Moreover, rapid development is realized in electronic commerce industry, such as online retail trade, electronic payment, and other electronic marketing platform.

A home to top international brands

A center for bespoke and personalized fashion

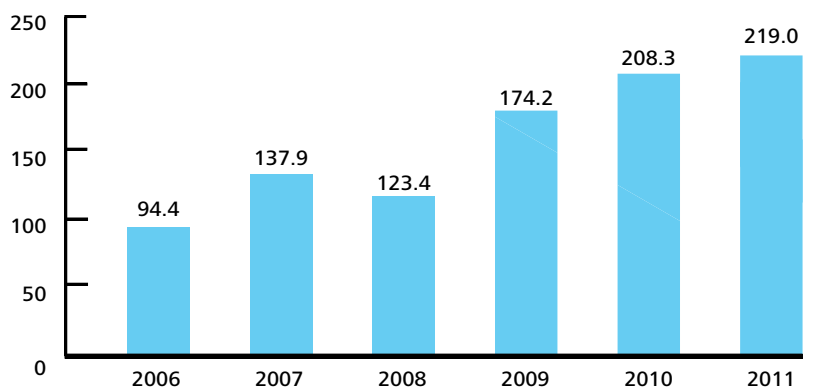
A hub for cutting-edge and advanced business practices



Source:
① Statistics Bureau of Xuhui District

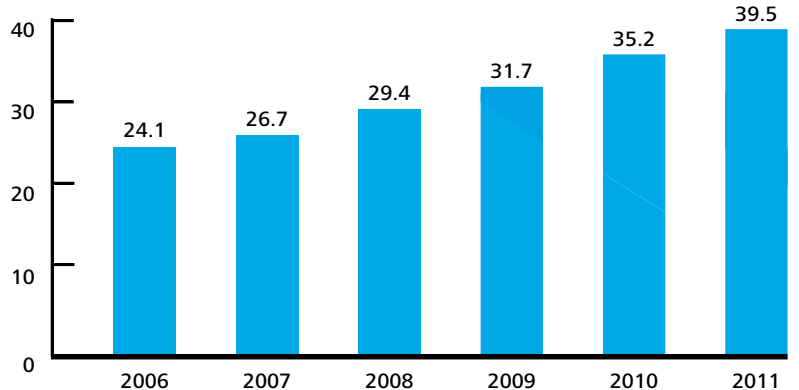
2006-2011 Xuhui District's gross commodities sales^①

Unit: CNY 1 billion



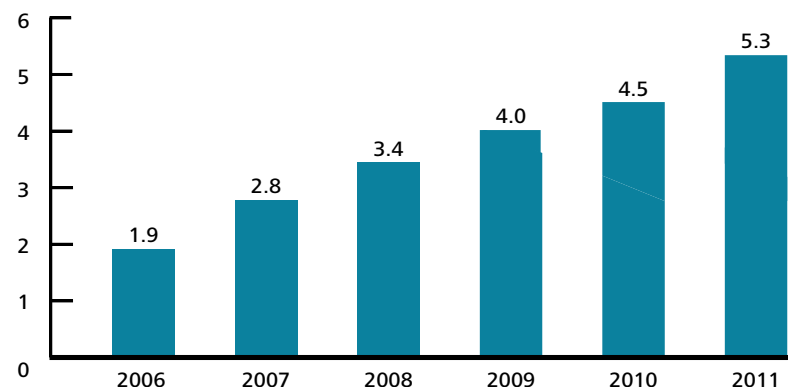
2006-2011 Xuhui District's retail sales of consumer goods^①

Unit: CNY 1 billion



2006-2011 Xuhui District commercial tax revenue^①

Unit: CNY 1 billion



2. Government Policy

2. Introduction

2.1. Policy Incentives – Modern services industry

2.2. Policy Incentives – High-Tech Industry

2.3. Government Services

2. Introduction

In keeping with its service-oriented philosophy, the Xuhui District government is continuously optimizing its industrial, social and HR policies, goes to great lengths to support key industries and provides enterprises with help in troubleshooting issues.

The district is also working to expand all areas of its economy, for example, by facilitating the establishment of regional headquarters, by consolidating and developing the modern services sector, and by fostering the expansion of high-tech industry, in effort to build Xuhui to become a world-class metropolis with leading service economy, innovative technologies, cultural prosperity, excellent public services, and environmental friendly communities.

The Xuhui District government is efficient, and its business policy incentives are open and transparent. The government is also highly responsive, and communication channels between the government and businesses function extremely well. The region's high-tech enterprises and personnel have benefited greatly from government services and support.

——3M China Ltd.

3M is an internationally recognized pioneer in R&D, with a leadership position in key markets including medicine, highway safety, office and education, and optics. 3M builds its success on the development and interactive use of multiple science and technology platforms to meet customer needs across various markets around the globe.



2.1 Policy Incentives-Modern services industry

Headquarters Economy	One-time award	<ul style="list-style-type: none"> One-time award for national headquarters, regional headquarters, and investment companies, management regional headquarters, R&D centers
	Office subsidy	<ul style="list-style-type: none"> One-time subsidy for new MNC headquarters with developed or purchased office building Some subsidy for leased office for own use
	Comprehensive subsidy	<ul style="list-style-type: none"> New MNC headquarters. Comprehensive aid offered for no more than six years
Policy Incentives for scientific and technological R&D, cultural, information, professional, exhibition and tourism industries	Investment and operations subsidy	<ul style="list-style-type: none"> Key modern services projects qualify for a one-time construction subsidy and up to a three-year operating subsidy Subsidy for cultural and creative studios, offices, technical and business design centers
	Office building subsidy	<ul style="list-style-type: none"> Under the district's industrial development regulations, new building developments qualify for a lease or fit-out subsidies
	Comprehensive aid	<ul style="list-style-type: none"> Newly established companies that fall within the scope of the district's industrial and business development guidelines are entitled to up to five years of comprehensive aid
Policy Incentives for the Trade Services Industry	Offshore outsourcing service providers are entitled to	<ul style="list-style-type: none"> An annual award For training purpose, an annual award is offered depending on the size of the organization and the number of new hires
	Newly established enterprises engaged in commerce and retail trade	<ul style="list-style-type: none"> qualify for up to five years of comprehensive aid
Policy Incentives for the Financial Services Industry	Subsidy for establishing headquarters of a financial institution	<ul style="list-style-type: none"> In addition to benefiting from the standard economic incentives and policies, a municipal branch or branches of a financial institution is/are entitled to an additional 50% leasing benefit
	newly established equity investment company	<ul style="list-style-type: none"> A one-time award A lease subsidy, in the case of a company that leases an office for its own use The same comprehensive aid as is outlined under the heading "Policy Incentives Headquarters Economy."
	A newly established investment guarantee agency	<ul style="list-style-type: none"> A one-time benefit A subsidy of a percentage of the amount guaranteed and including a risk reserve subsidy
	An established micro-credit company	<ul style="list-style-type: none"> A risk reserve subsidy equal to the amount of registered capital offered for three years from commencement of the business and a 1‰ subsidy based on the financing of small and medium-sized businesses in the district

Source: "People's Government of Shanghai's Xuhui District on the issuance of the notice, Accelerating Development of Support Services Xuhui District (Trial)"

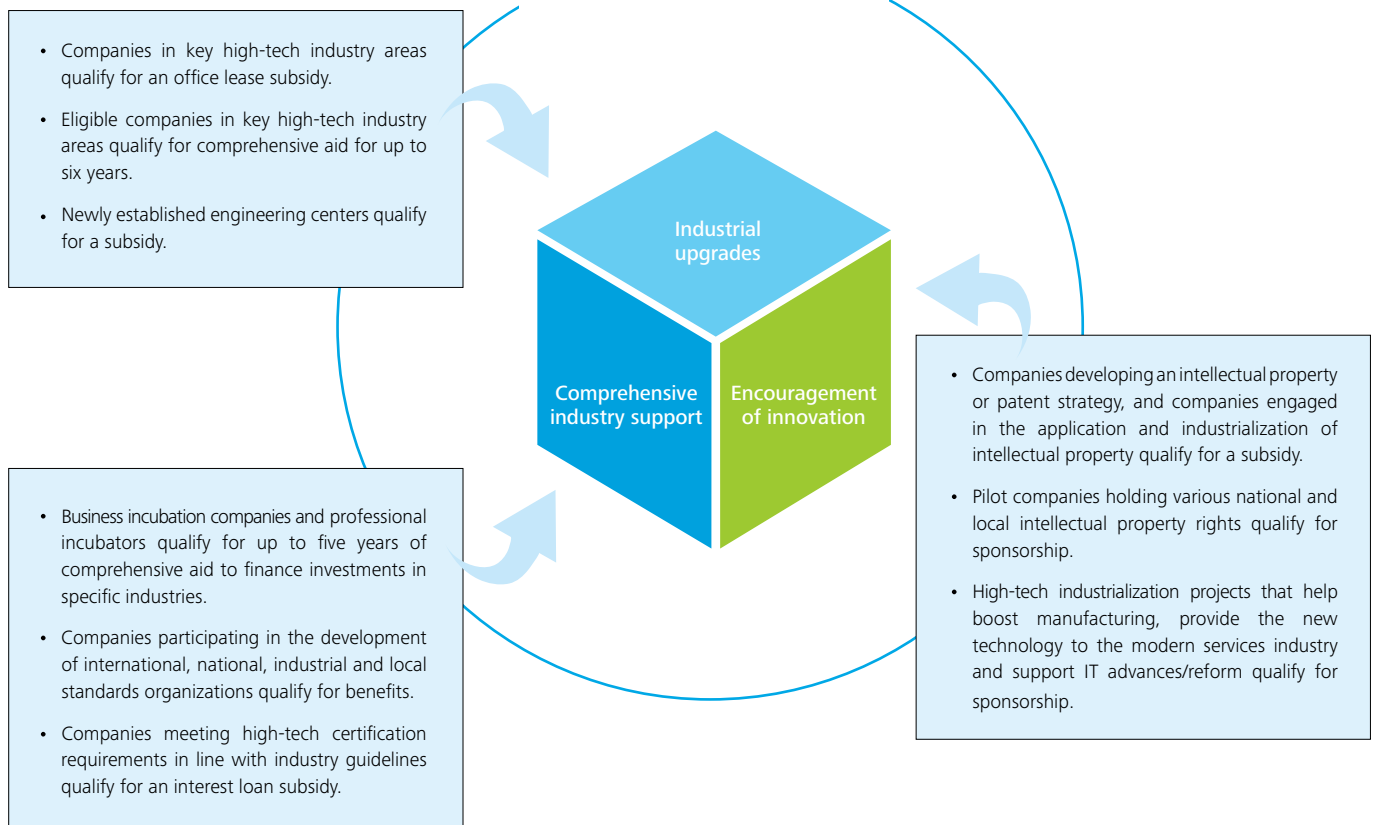
2.2 Policy Incentives – High-Tech Industry

Xuhui District is focused on developing a high profile, innovative high-tech industry by leveraging its robust economy and abundant resources. The main areas of development include software, information services, electronic information, biopharmaceuticals, advanced materials and alternative energy.

To accelerate growth, the Xuhui District government has issued a series of supportive and preferential policies.



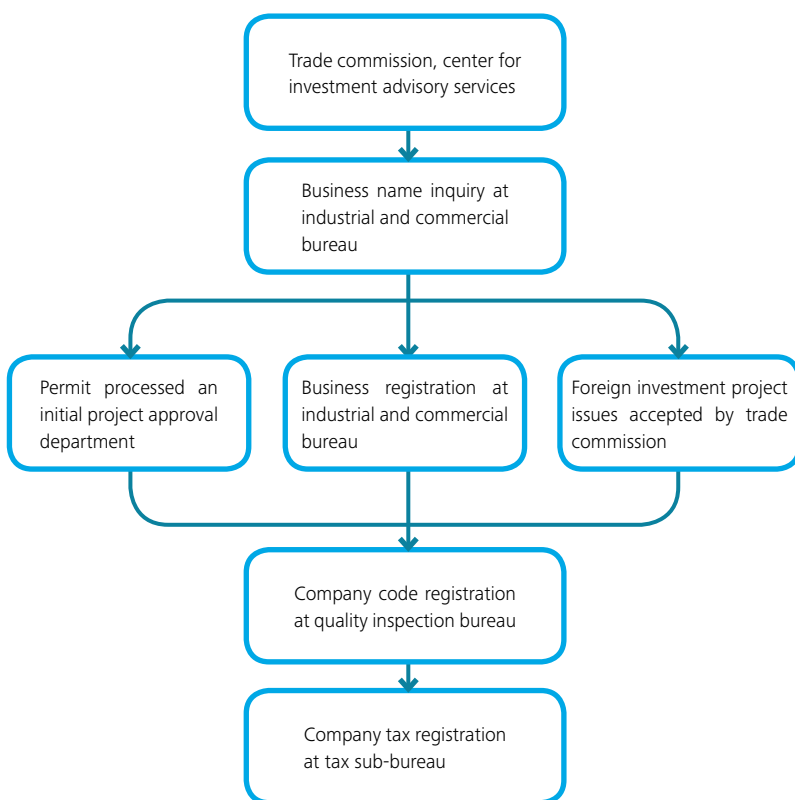
Policy Incentives – High Technology



Source: "People's Government of Shanghai's Xuhui District on the issuance of the notice, Accelerating Development of Support Services Xuhui District (Trial)"

2.3 Government Services

One-stop administrative appraisal process flow



Xuhui District Investment (Enterprise services) center

The Xuhui District Investment (Enterprise services) Center is an organization established by the Xuhui District government to provide comprehensive services to businesses and registered companies.

Administrative efficiency

One-stop service and approval within a set timeframe

- Thirteen government departments, including the Xuhui District Industrial and Commercial Bureau, the Tax Bureau, the Financial Administration, the Trade Commission, and the Science & Technology Commission have established offices within the center.
- A “one-stop” service encompasses project approval, industrial and commercial registration, company code registration, tax registration and settlement of policy benefits.

E-governance

- Online enterprise services
- Online project approval
- Electronic monitoring systems and supervision platform

Personalized support services

Complementary services:

- Providing one-stop services to the enterprises in approval process: provide information on investment opportunities, offer consulting services on company set up applications, accept negotiation on investment projects, and coordinate with the government to obtain support to the enterprises
- Bringing together of service providers and public services
- Service center to aid in the industrial application and translation of technology, talent service centers, asset appraisal companies, accounting firms and various banks
- Public services, including the certification of technological achievements, personnel agency services, capital verification, audit, asset appraisal and banking services.

Foreign Consulates of Shanghai located in Xuhui District

- The United States of America Consulate General in Shanghai
- The Federal Republic of Germany Consulate General in Shanghai
- The Islamic Republic of Iran Consulate General in Shanghai
- Republic of Italy Consulate General in Shanghai
- Republic of Poland Consulate General in Shanghai
- Mexico Consulate General in Shanghai



3. International Business Environment

3. Introduction

3.1. Current Industrial Core and Future of Key Industries

3.2. Functional Business District

3.2.1. Upgrade and Optimization Zone – Xujiahui

3.2.2. Upgrades and Optimization – Huaihai Road Area

3.2.3. Upgrades and Optimization – Historic Hengshan Road – Fuxing Road

3.2.4. Upgrade and Optimization Zones – Xuhui Binjiang

3.2.5. Restructuring and Upgrade Zone – Caohejing High-Tech Development Zone

3.3. Financial Institutions and Support Services

3.4. Office/Hotel/Exhibition Facilities

3. Introduction

As a district with relatively strong economic power, Xuhui's distinctive blend of eastern and western influences and rich historical tradition has created an ideal environment in which to do business. Among Xuhui District's attractions are comprehensive trade facilities, a wealth of business exchange venues and a vibrant shopping district.

Xuhui District has attracted a broad range of foreign companies from interrelated industries, and has established a variety of financial institutions and services to meet their needs. By virtue of its historical background, Xuhui maintains a competitive edge in creating an open environment for international commerce. The variety of office towers and support services are more than adequate to meet general business needs.

——American Standard (China)

American Standard has a long history going back to 1872 when it began in the state of New Jersey, in the United States. Over the years American Standard has evolved into a global enterprise specializing in bath and kitchen products and operating across Europe, America and Asia.



3.1 Current Industrial Core and Future of Key Industries



Industrial structure^①

**Tertiary sector:
Rapid growth
of the modern
services sector**

At the end of 2011, the operating revenue generated from Xuhui District's modern services sector totaled CNY104.53 billion, representing an average annual increase of 20.6% in the past six years.

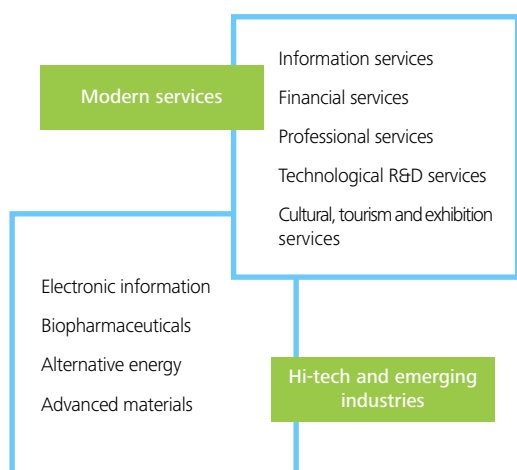
**Secondary sector:
Steady increases in
manufacturing**

In 2011, the total output of Xuhui District's manufacturing sector was CNY 64.84 billion, up 4.2% from the previous year.

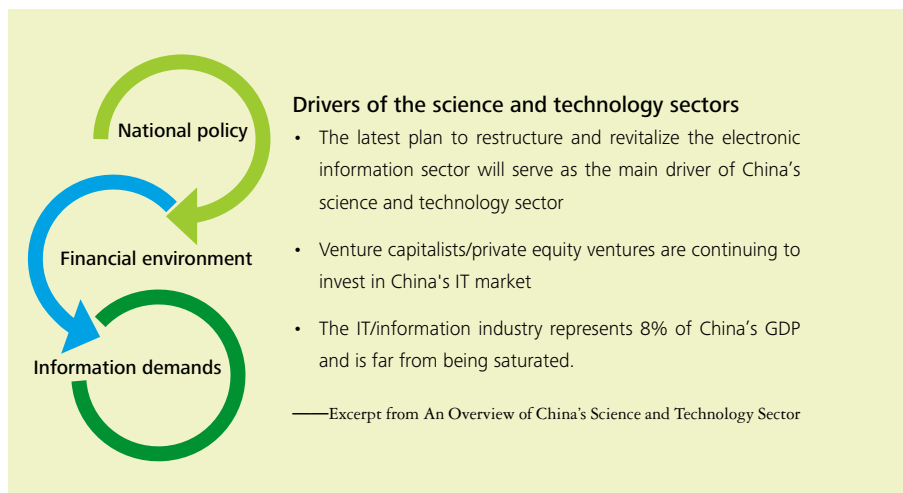
**Rapid development
of the high-tech
sector**

During the 11th Five-Year Plan, Xuhui District focused intensively on promoting innovation. By investing CNY 2.5 billion into science and technological development, the district has established a basic support platform, implemented a number of preferential policies and set up funding.

Future plans for key industries^②



Deloitte viewpoint



Source:

① Statistics Bureau of Xuhui District

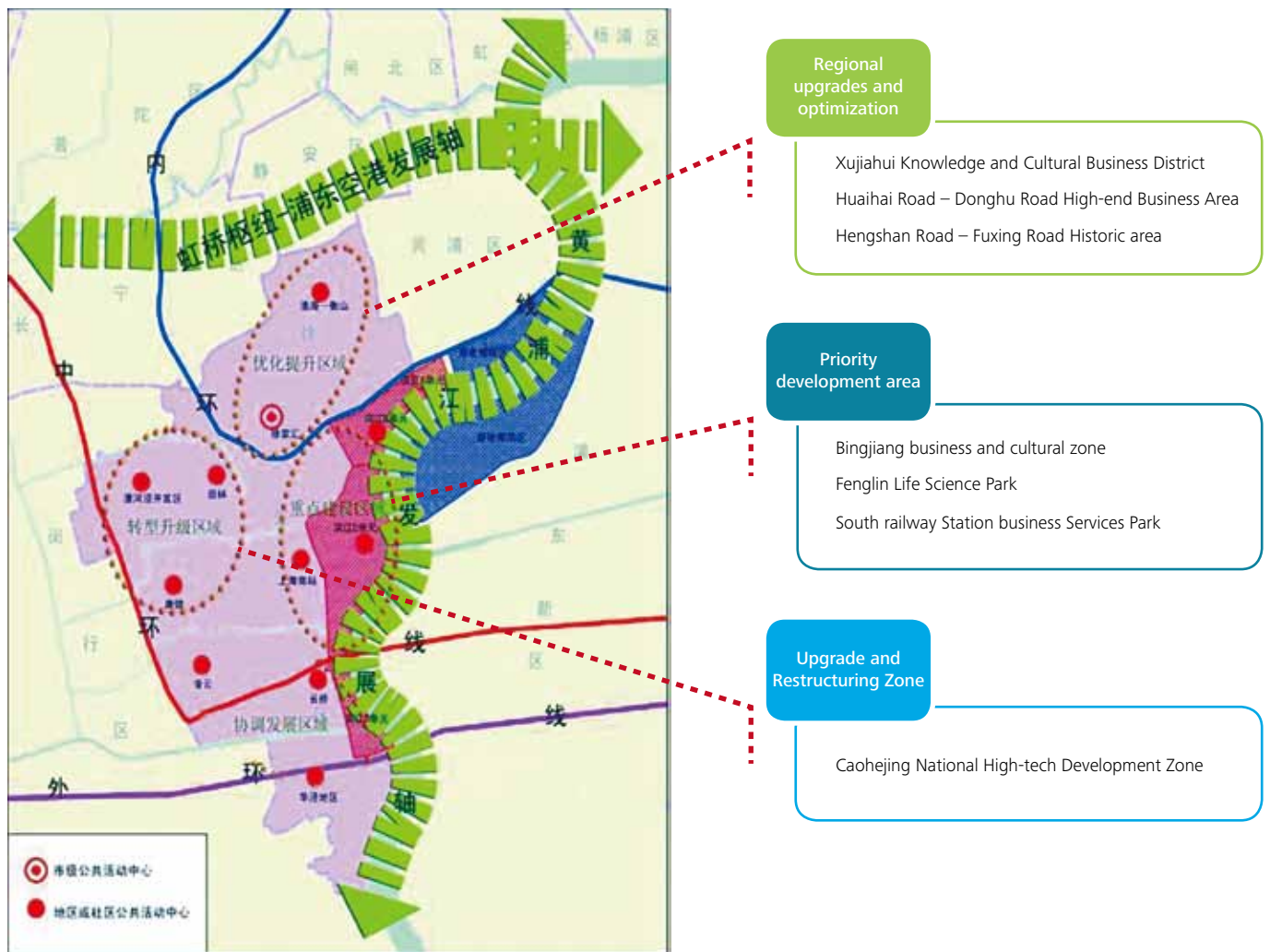
② Xuhui District, Shanghai Economic and Social Development 12th Five-Year Plan

3.2 Functional Business District

Four major areas of development^①

District planning initiatives have required Xuhui to expand its comprehensive urban services and modernize the region in line with international standards.

The district also intends to showcase its rich cultural heritage with a view to strengthening its regional appeal and further developing its service-based economy. For these reasons, Xuhui District has designated the following as its primary areas of development:



Xujiahui



Xuhui Binjiang



Caohejing

Source:

①Xuhui District, Shanghai Economic and Social Development 12th Five-Year Plan

3.2.1 Upgrade and Optimization Zone – Xujiahui

About Xujiahui^①

Xujiahui's beginnings can be traced back to the 15th century. By the mid-19th century, Xujiahui had become one of China's most important regions for Western education, modern science and technology, culture and art. In the mid-1990s, during the country's economic reform, Xuhui was instrumental in giving shape to Shanghai's city center. Today it is renowned for its comprehensive knowledge and culture.

Xujiahui district occupies a total area of 4.69 square kilometers.

Shopper's paradise^②

The Xujiahui commercial center is one of the most concentrated areas for commercial trade and modern services industry in Shanghai. The shopping area features a host of popular shopping centers, including Oriental Plaza, the Pacific Department Store, Grand Gateway Plaza, the Huijin Department Store, and Shanghai 6th Department Store.

Many globally recognized brands are available in the shopping district, for example, Armani, Thomas Pink, and Rolex. Xujiahui commercial center's 2011 retail sales amounted to CNY 8.0 billion, up 11.0% from 2010.

The Xujiahui knowledge and cultural business district is a major developmental priority in Xuhui's 12th Five-Year Plan, and was recently named by the Shanghai municipal government as a "concentration zone" for the modern services sector.

"United Nations" of business

A long list of globally recognized brands and specialty stores, high-end supermarkets and gourmet food services are established inside Grand Gateway Plaza, and the Plaza's open-air Lan Kwai Fong pedestrian street offers a unique experience for shoppers.

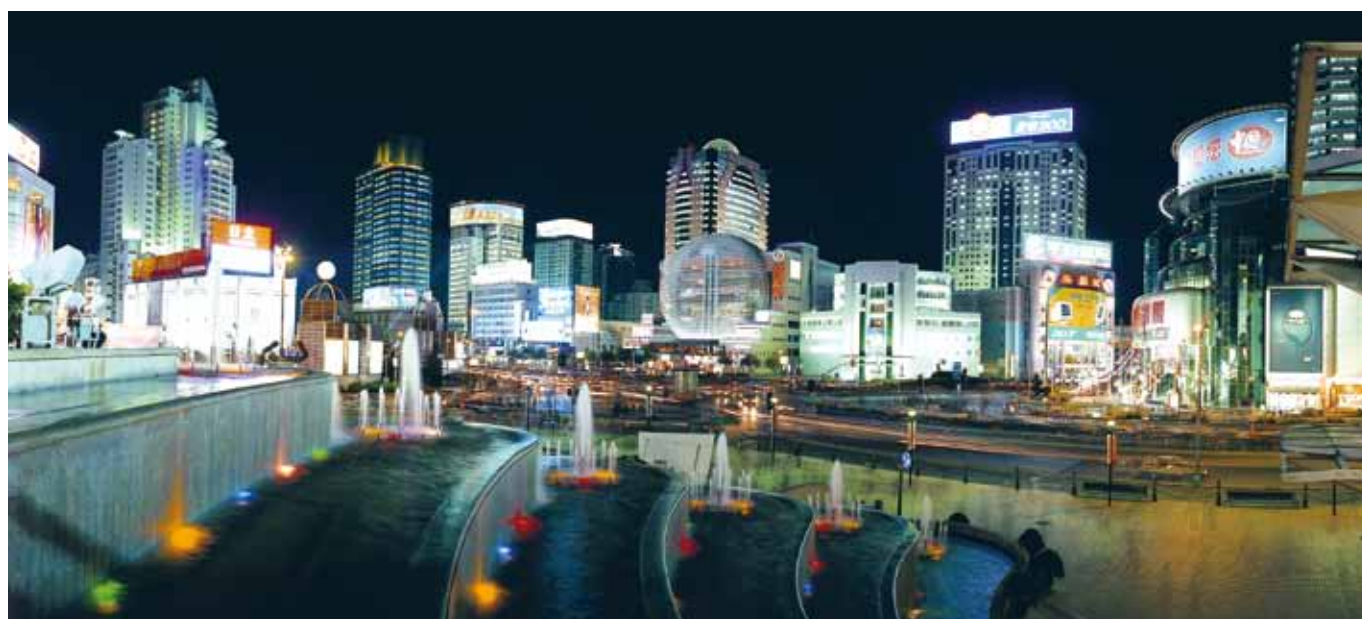
Xujiahui's Metrocity shopping mall is home to a Japanese-themed walking street called "Goban Street."

The district also features innovative small-scale commercial areas such as Yong Xin Avenue, Surpass Court, and Ferguson Lane.

Excellent business environment

The district's top-rated hotels include Huating Hotel, Jianguo Hotel, and the Shanghai Sports Hotel.^③

The five-star rated Huating Hotel features 14 conference rooms with a gross area of 2,270 square meters. Its largest function room can accommodate business meetings with as many as 1,000 attendees.^③



Source:

①Xuhui District Tourism Bureau

②Statistics Bureau of Xuhui District

③Hua Ting Hotel Official Website

3.2.2 Upgrades and Optimization – Huaihai Road Area



Huaihai Road^①

First constructed with mud and gravel in 1901, Huaihai Road has been renamed a number of times as Baochang Road in 1906, and then again as Joffre Road in 1914. The road flanked by plane trees was the long-time settlement of Shanghai's Westerners, and was often frequented by international celebrities, politicians and the business elite.

The Oriental Champs Elysées

Huaihai Road is one of the busiest shopping areas in the city with character and style that bears a distinct contrast from Shanghai's number one shopping street, Nanjing Road.

Reputed as the Champs Elysées of the Orient, Huaihai Middle Road has gradually evolved into a fashion Mecca. The street also offers a multitude of commercial and entertainment facilities that include dining, shopping, financial services, entertainment, culture and art. Huaihai Road has many elegant restaurants, upscale shopping centers, luxury merchandise, high-end art galleries, museums and antique shops. Past and present, Huaihai Road is one of Shanghai's iconic business and commercial centers.



Source:

①Xuhui District, the development of commercial network layout and the work of reference (2010 Compilation Version)

3.2.3 Upgrades and Optimization – Historic Hengshan Road – Fuxing Road Area



Hengshan Road at a glance^①

Hengshan Road, known as Shanghai's "urban sanctuary," is among the most attractive of Shanghai's 12 historical and cultural protection zones. Located in the French Concession, and formerly referred to as Pétain Avenue, Hengshan Road boasts an impressive collection of striking European-style buildings dating from the 1920s and '30s.

Hengshan Road is home to 1,336 old garden houses and 82 heritage buildings, covering a combined space of 657,000 square meters, or 46% of the gross area of all garden houses built before 1949.

Hengshan Road, which has convenient transportation facilities, connects the Xujiahui commercial area in the south and extends all the way to the Huaihai Road business district.

Old-style garden house restaurants^①

A row of old garden house restaurants on Hengshan Road and Fuxing Road offer a range of gourmet fare. All the garden houses have their own remarkable history – some are former residences of celebrities, others have been used as foreign embassies and consulates. Among the most famous garden house restaurants are:

- Sasha's restaurant: The property passed down by parents of Soong Meiling at her wedding.
- Xi's Garden: The former residence of Xi Deyi
- Da Gong Guan: The former residence of Du Yueshen
- Restaurant Martin: The little red mansion of the record company, EMI

Source:

①Food Expo Shanghai Customs Tour–Hengshan by Day and Night

3.2.4 Upgrade and Optimization Zones – Xuhui Binjiang

Binjiang Business and Cultural Zone^①

Xuhui Binjiang area is an important part of the south expansion of the Huangpu River. Located at the Huangpu River bank, north to the Lupu Bridge, and south to the Xupu Bridge, Xuhui Binjiang occupies a land area of 7.4 square kilometers with a coastline of 8.4 kilometers, the largest land for development of Shanghai is located in this region. It is neighboring the Xujiahui business center, Shanghai South Railway Station, Shanghai Botanical Garden, and it is cross the river from the 2010 Shanghai Expo site.

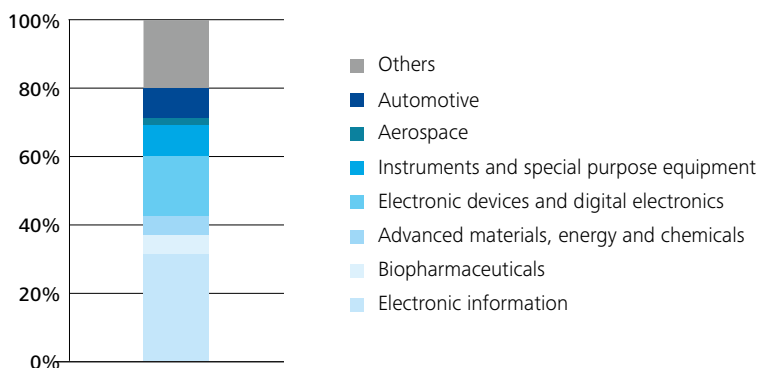
In the new era, Xuhui Binjiang is incorporating the inherited history into the new development concept, to build a brand new area that services business, technology and living environment development.



Source:
^①Xuhui District, Shanghai Economic and Social Development 12th Five-Year Plan

3.2.5 Restructuring and Upgrade Zone – Caohejing High-Tech Development Zone

Industry Structure of Enterprises in Caohejing



Source: Xuhui Yearbook (2011)

Established national development zone

Shanghai Caohejing High-Tech Park, which has a total area of 14.28 square kilometers and was established with the approval of the state council, is a shared development zone that combines economic and technical development, high-tech industrial development and export processing.^①

At the end of 2011, there were 244 certified high-tech enterprises in the zone, representing 7% of Shanghai's total.^①

In 2011, the development zone's economic effectiveness per unit area was rated one of the highest in the country.^①

Sales revenue	CNY 233.16 billion
Gross industrial output value	CNY 117.8 billion
Local GDP	CNY 75.25 billion
Total import and export volume	USD 17.9 billion

A concentration of Fortune 500 companies^①

The development zone is home to more than 1,500 foreign and domestic high-tech companies. There are over 500 foreign-invested firms, of which 50 are Fortune 500 companies.

The zone saw the introduction of 389 new regional headquarters projects in 2011, of which 59 were foreign-invested projects. Newly injected registering capital amounted to CNY 1.52 billion, including USD 58 million of foreign capital.

A selection Fortune 500 enterprises in the zone

Walmart	Oracle
Foxconn	Tyson Foods
Covidien	Tyco Electronics
PSA	Cisco Video Technology



Source:

①Caohejing High-Tech Park Development Company

3.3 Financial Institutions and Support Services

Since 2011, Xuhui District has remained on track with its industrial restructuring and has vigorously promoted the development of financial sector. Its object in concentrating on industrial finance and sci-tech finance has been to build up a diverse financial system.

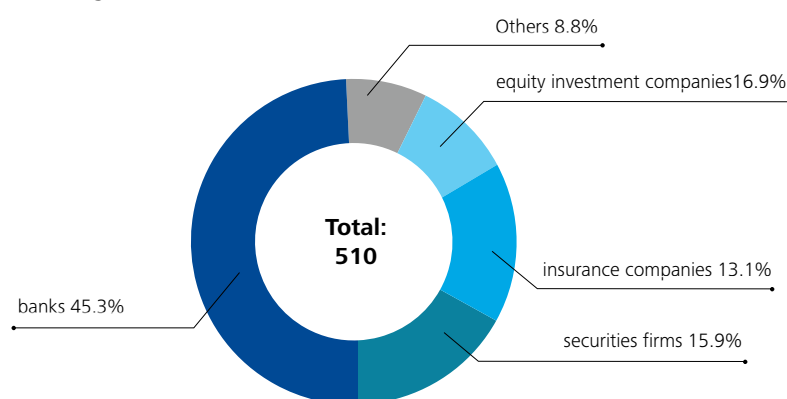
Overview of financial institutions^①

- As of end of 2011, Xuhui District had 510 financial institutions, increased by 50 from 2010.
- More precisely, the 510 institutions comprise 231 banks, 81 securities firms, 67 insurance companies, 86 equity investment companies, 4 financing guarantee agencies, 2 micro-credit companies, 10 futures brokerages, and 29 institutions in other forms.



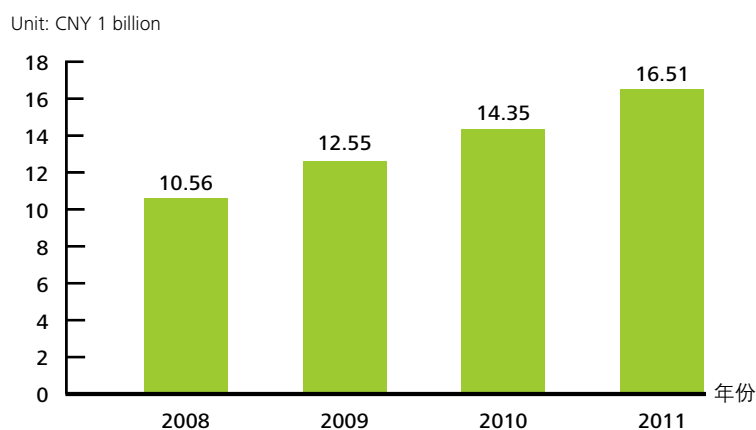
Banks	
HSBC	The Royal Bank of Scotland
Standard Chartered Bank	Citibank
Hangseng Bank	Bank of East Asia
Insurance Companies	
China Life	China Pacific Insurance (group)
AIA	Nagamatsu Inc.
Securities companies	
Guosen securities	Haitong Securities
Guangfa securities	Shenyin Wanguo Securities
Law firms ^②	
Junhe Law Office	Hung Long law Offices
King and Wood PRC lawyers	Nobuo Takai law Office
Accounting firms ^③	
Ernst & Young	HuaYin Certified Public Accountants

Percentage shares of the financial institutions



Source: Statistics Bureau of Xuhui District

Xuhui District's financial operating revenue annual growth



Source: Xuhui District Development and Reform Commission

Source:

①Xuhui District Development and Reform Commission

②Chinese Bar Association Website

③Chinese Institute of CPA website

3.4 Office/Hotel/Exhibition Facilities



The Grand Gateway

Office towers at a glance^①

Xuhui District has 100 office towers of varying grades, with an area of 2.77 million square meters, nearly 7000 enterprises have chosen to settle in here.

- The Grand Gateway
- K. Wah Center
- Sun Hung Kai International APM
- Huaihai International Plaza
- The Center
- Metro Tower

Hotels at a glance^②

At the end of 2010, Xuhui District had 26 top-rated hotels, of which three were five-star and eight were four-star.

The number of hotels in Xuhui District is being increased under an energetic plan to develop boutique hotels, and by completing ongoing hotel projects that include Jianye Lane,^③ Premium Hengshan Hotel and Xujiahui Center.

The district's five-star hotels include:

- Huaiting Hotel
- Regal International East Asia Hotel
- Hengshan Hotel



Huaiting Hotel

No. of available rooms in five-star hotels	No. of conference halls
1326	32



Ever-Bright Convention & Exhibition Center

Exhibition facilities^③

The Shanghai Ever-Bright Convention & Exhibition Center in Xuhui District has hosted 161 exhibitions in 2011, 37 of these were international exhibitions.

Source:

① Shanghai Xuhui Business Promotion and Enterprise Service Center

② Xuhui District Tourism Bureau

③ Jianye, an area with a rich history and cultural heritage, is the largest neighborhood in Shanghai that has been transformed into modern shikumen buildings.

4. Infrastructure

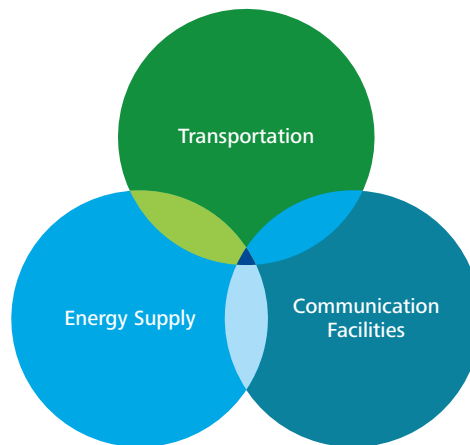
-
- 4. Introduction
 - 4.1. Convenient and Well-Developed Transportation System
 - 4.2. Highly developed Urban Transportation Network
 - 4.3. Reliable and advanced urban communications
 - 4.4. Abundant Energy Supply

4. Introduction

In developing Xuhui District it has been recognized that a sound infrastructure and public service system are prerequisites for efficient business operations.

Xuhui District reflects the understanding that a region's infrastructure lays the foundation for its economic development, and determines not only the pace of development, but also the sustainability of growth over the long term.

Xuhui District features a highly advanced, comprehensive and well-established infrastructure, offering distinct advantages in areas such as transportation, communications facilities and energy supply.



Working and living in Xuhui District is extremely convenient. Both the airport and the train station are readily accessible via subway or bus. The transport network offers employees working in the district an easy commute and makes for efficient domestic and international business travel. The district's advanced communication network and facilities also provide excellent business support.

—Kraft Foods Sales Co., Ltd.

Kraft Foods, which is headquartered in Northfield, Illinois, U.S.A., is a leading global manufacturer of branded foods and beverages. Over the 100 years in which it has been in operation, the company has leveraged its reputation for quality products and innovation skills to become North America's largest and the world's second-largest food and beverage company. Kraft's many well-known branded products are sold in 170 countries.

4.1 Convenient and Well-Developed Transportation System

Air^①

Shanghai currently has two international airports—Pudong International Airport and Hongqiao International Airport

International Airport—with 4 terminals and 5 runways. Their annual passenger and cargo capacities are 100 million and 5.2 million metric tons, respectively. Pudong International ranks, alongside Beijing and Guangzhou, as one of China's three major international airports.

In 2011, a total of 574,000 departures and arrivals were recorded at Shanghai Pudong and Hongqiao Airports, an increase of 4.16% over the previous year's figures. 74.56 million passengers and 3.56 million metric tons of cargo and mail passed through the two airports in 2011. In terms of cargo throughput, Pudong International continues to rank number three in the world. ^④

Distance between Xujiahui and airports

	By car (km)	Driving time (minutes)
Pudong International Airport	48	85
Hongqiao International Airport	12	30



Railways

Shanghai boasts a comprehensive rail transportation system and is Eastern China's railway hub. Shanghai Hongqiao Railway Station, Shanghai Railway Station, and Shanghai South Railway Station connect Shanghai to the Yangtze River Delta region, and to all branches of China's convenient, robust and efficient rail transportation network.

Shanghai South Railway Station—Shanghai's southern gate^②

Shanghai South Railway Station is located in Xuhui District. Shanghai South, which officially began operations on 1 July 2006, covers an area of approximately 60 hectares, the station and forms a comprehensive transportation hub served by rail, urban rail and buses. Shanghai South is Shanghai's southern gate for land transportation leaving the city.

Shanghai Railway Station—Shanghai's largest passenger railway station^③

Shanghai Railway Station is located in northern Shanghai and is currently Shanghai's largest passenger railway station. Its convenient "one-stop" transportation network incorporates rail, light rail, long-distance bus lines, taxi cabs and municipal buses.

Shanghai Hongqiao Station – An key component of the Hongqiao integrated transport hub

Shanghai Hongqiao Station is located to the west of Hongqiao Airport and is an important component of the Hongqiao Integrated Transport Hub project. The main station was opened on 1 July 2010 and provides high-speed rail passenger service as part of a modern transport hub that integrates air transport, high-speed rail, intercity rail, urban rail, and ground transportation. The station is currently Eastern China's largest passenger railway station and its most important passenger railway hub.

- High-speed rail intersection – trains from Hangzhou, Nanjing, and Beijing-Shanghai
- Proximity to Hongqiao Airport Terminal 2
- Convenient and easy transfers to subway, bus, and coach lines

Source:

① Shanghai Municipal Government website

② Xuhui Yearbook (2011)

③ Official website of Shanghai Railway Station

④ State-owned Assets Supervision and Administration Commission of Shanghai

4.2 Highly developed Urban Transportation Network

Increasingly sophisticated urban rail network

As of 30 June 2010, the Shanghai Metro consisted of 11 new lines, with 410 kilometers of track in operation. By 2014, over 560 kilometers of track will be in operation.^① Once completed, a new round of planned projects will result in Shanghai's urban rail network having a total of 18 lines, with over 780 kilometers of track.

Operation data of ShanghaiMetro in 2010^①

2732	Number of train cars in service on the railway network
885,000	Annual vehicle trips
151,575,000 km	Annual vehicle km traveled
19 billion	Annual number of passenger trips completed

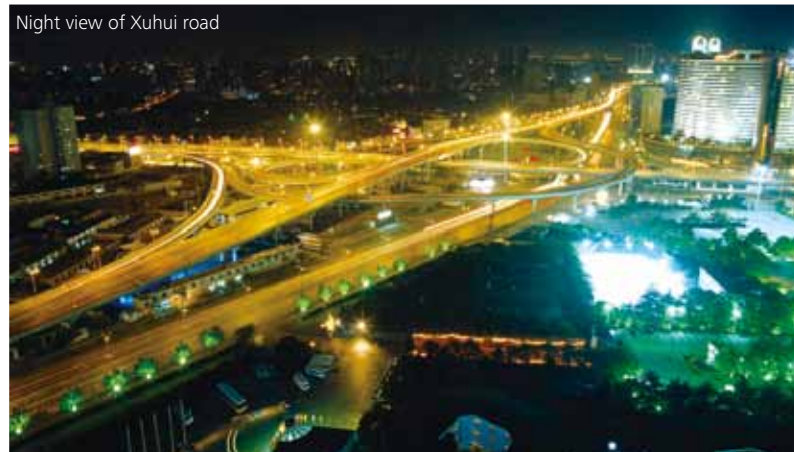
Xuhui District has 28 metro stations and six subway lines currently run through Xuhui: lines 1,3,4,7,9, and 10.^② Two additional lines, 11 and 12, are currently under construction. During the 12th Five-Year Plan, the government will accelerate the construction of urban rail lines, and extend the network to the Long Bridge and Huajing Regions. The completion of these plans will expand access to Xuhui's subway network with one interchange station per square kilometer, giving the district the highest number of interchange stations in the city and providing residents with a highly convenient transportation system.

As urban rail provides a low-carbon profile, environmentally friendly, and efficient means of transport, it is perceived as playing an indispensable role in advancing the region, attracting human resources, and stimulating industrial development.

Convenient public road transport

At the end of 2010, 171 bus lines were running in Xuhui District. Of these, 30 lines provide intermediate stop options, 12 are night bus lines and 28 are special connecting lines with buses running to the borders of the District.^②

The comprehensive bus network, which services all 233 roads in the district, provides local residents with a large range of local transportation options.



Source:
①Shanghai Municipal Government website
②Xuhui Yearbook (2011)

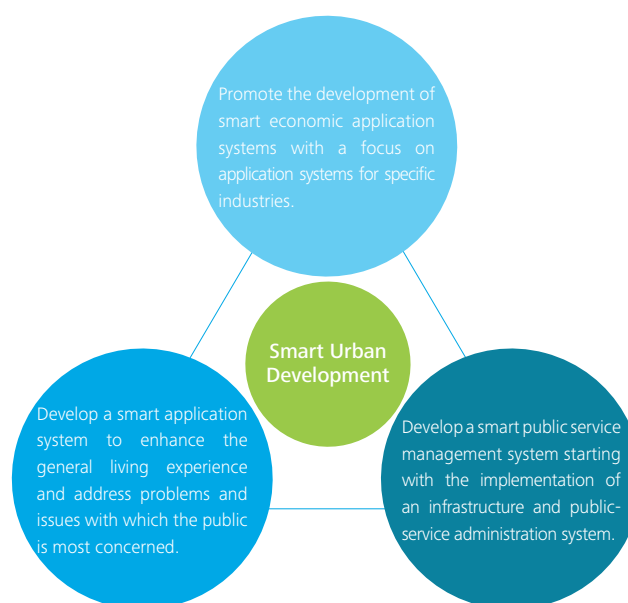
4.3 Reliable and advanced urban communications

Xuhui District reflects the understanding that, in a region experiencing rapid growth, basic network infrastructure and facilities for communications and telecommunications must be expanded and upgraded to accommodate growing demand. In line with the efficient and intelligent approach outlined in the 12th Five-Year Plan, Xuhui will develop and implement advanced systems for wireless and smart communications.

Smart City^①

"Smart city" refers to the implementation of the new generation of information technology, combining networking with human intelligence and information. Xuhui District is bringing these elements together to build a smart urban development environment designed to meet the challenges of modern living, industrial development and social management, areas that are seen as potentially benefiting from mass data collection and analysis.

Xuhui District is promoting the construction of a digital, intelligent, high-speed data network, wireless LAN broadband and other large-scale communications infrastructure to support the joint development of the region's telecommunications, internet, radio and television networks.



Wireless Xuhui^①

Wireless networks are an integral component of a city's data-driven, modernized infrastructure, and are also important indicators of its efficiency, competitiveness, and level of digitization. "Wireless Xuhui" refers to Xuhui District's comprehensive wireless network coverage and its ubiquitous high-speed services. The wireless broadband network eliminates spatial constraints, provides fast and convenient access to vast amounts of data, and improves productivity and quality of life. The network actively promotes intelligent public services and information management, and increases the city's management efficiency.

Towards the end of the 12th Five-Year Plan, the region's wireless coverage will be increased to 95%, bringing wireless connectivity to thousands more families. The increased connectivity will also provide full wireless mobile broadband and wireless LAN coverage in major public areas.

Source:

①Outline of the 12th Five-Year Plan for the National Economic and Social Development in Shanghai Xuhui District

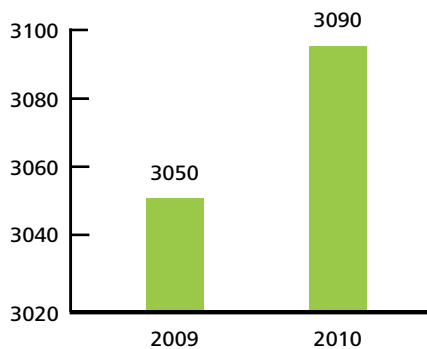
4.4 Abundant Energy Supply

In November 2010, the SAC (Shanghai Audit Center of Quality System) conducted a four-day third-party audit of Shanghai Waterworks South Co., Ltd.'s quality management system. Shanghai Waterworks South Co., Ltd passed the GB/19001-2008/ISO 9001:2008 management standards.^①

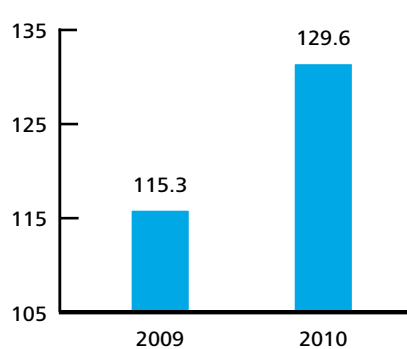
Water	By the end of 2010, Shanghai had a total of 105 waterworks, producing a daily capacity of 11.3 million cubic meters. With an annual water supply total of 3.1 billion cubic meters, the system exceeded demand by 646 million cubic meters.
Electricity	By the end of 2010, Shanghai's power generation capacity reached 18.6 million kilowatts, easily meeting the city's power demands.
Gas	At the end of 2010, Shanghai's natural gas output totaled 426.6 thousand cubic meters, meeting all industrial, commercial and residential needs.

Shanghai's growing energy supply^②

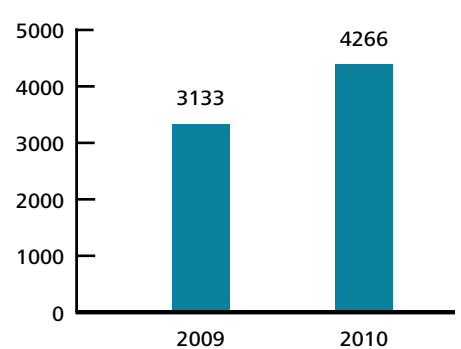
Water supply (1 million cubic meters)



Power supply (1 million kWh)



Gas supply (1 million cubic meters)



Source:
 ①Shanghai Statistical Yearbook (2011)
 ②Xuhui Yearbook (2011)

5. Human Resources

5. Introduction

5.1. Human Resources – Education

5.2. Human Resources – Scientific Research

5.3. Human Resources – Costs

5. Introduction

The accuracy of the statement that "Science and technology set the level of productivity, but human resources are the source of productivity" has been widely recognized in the business world. Human resources are one of the most important aspects maintaining competitiveness, as well as a key factor in any company's investment strategy.

Xuhui District has strong cultural foundations and a rich history. It has ample educational resources, which maintain a balance between science and the arts and produce an extensive pool of high-quality personnel.

For some time, Xuhui's primary focus has been on social and economic development. The district has taken steps to create a pool of home grown top-level talent, academic leaders and skilled personnel. At the same time, Xuhui is attracting and leveraging high-quality human resources drawn from greater Shanghai and the Yangtze River Delta region.

Xuhui District's abundance of human resources and deep talent pool mean that personnel costs are very reasonable and in line with the region's operational requirements. The ongoing upgrade in the overall quality and professionalism of Xuhui's personnel helps drive the district's corporate culture while continuing to increase productivity.

——SMH International Trading (Shanghai) Co., Ltd.

The Swatch Group of Switzerland has a strong worldwide reputation for quality products, is the world's largest manufacturer and distributor of watches. The Group has 160 production sites and 440 branches worldwide.



5.1 Human Resources – Education

Education – a magnet for talent

Xuhui District was one of the first places in China to accept Western science and culture. The area is renowned for its dedication to national education, and is a training ground for high-end personnel in the areas of technology, innovation, management and executive management.

Xuhui sees education as a core driver of the region’s development and will work to attract and foster a high concentration of outstanding individuals with a view to ensuring the district’s continued progress.

Overview of college graduates in Shanghai in 2010 ②	
College graduates	133,700
Master's Degree graduates	23,500
PhD graduates	4700

Reputable schools in the region

Xuhui has some of the country's best educational resources. The district is home to 15 primary and secondary schools and about a dozen well-known colleges and universities, some with a history stretching back for more than 100 years. These schools are responsible for training many of the region's talented personnel.

- Shanghai Jiao Tong University (Founded in 1896)
- East China University of Science and Technology (Founded in 1952)
- Shanghai Normal University (Founded in 1954)
- Fudan University Medical College (Formerly Shanghai Medical University, founded in 1927)
- Xuhui High School (Founded in 1850)
- Shanghai High School (Founded in 1865)
- Shanghai No. 4 High School (Founded in 1867)
- Shanghai Nanyang Middle School (Founded in 1896)
- Shanghai Nanyang Model High School (Founded in 1901)
- Shanghai Municipal Secondary School (Founded in 1902)
- Xuhui District Primary School (Founded in 1873)
- Xuhui District Normal Primary School (Founded in 1884)
- Jiaotong University Primary School (Founded in 1884)

Statistics for educational institutions in Xuhui District ^①	
Preschools	88
Primary schools	42
High schools	39
Secondary schools	13
Vocational schools	2



Source:

① Xuhui Yearbook (2011) & Xuhui District Bureau of Education

② Official website of the Shanghai Education Bureau

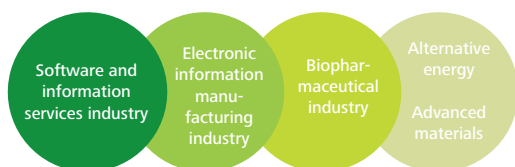
5.2 Human Resources – Scientific Research

A concentration of research institutions^①

120	Research institutions
25	National and ministerial key laboratories
5	National technology transfer model agencies
3	National University Science Parks
4	State-level high-tech incubators

Rapid technological progress^②

Investment in science and technology accounted for 8.1% of Xuhui's budget expenditure by end of the 11th Five-Year Plan period. The total value generated by key high-tech industries, including (but not limited to) the following, was CNY 54.96 billion:



Thriving R&D Environment

By end of the 11th Five-Year Plan period, the value of technology contracts in Xuhui District continued to grow, reaching a total of CNY 15.6 billion.^③ During the 12th Five-Year Plan, Xuhui District will develop major high tech industry sectors with a view to achieving a targeted average annual growth rate of 14%. By utilizing technology to drive industrial development in the region, the district aims to achieve an industrial output value of CNY 70 billion by the end of the 12th Five-Year Plan.^③

Patents and scientific & technological achievements and (items) in Xuhui District in 2010 ^②	
Patent	2619
Utility model patent	1354
Design Patent	476
Total	4449

China's revival lies not only within the economy but also fundamentally in its human resources and technological progress. Hence, the country has established, and is continuously improving its system to encourage scientific and technological progress, and the development of homegrown talent.

——Wen Jiabao

- 56 Recognized by the Municipal High-tech Achievement Transformation Service Center
- 122 New national and municipal innovation funding projects
- 19 Selected as the first batch of innovative enterprises in Shanghai
- 14 Selected as Shanghai Science and Technology Little Giant Enterprise
- 17 Received the National Achievement Awards in Science and Technology



Xuhui District is rich in technological resources, and is active in finding practical applications for the scientific and technological advances achieved. Xuhui District was named by the Ministry of Science and Technology as a "National Technologically Advanced District" four times in a row.

Source:

① Overview of Xuhui District, Shanghai (2010)

② Xuhui Statistical Yearbook (2011)

③ Outline of the 12th Five-Year Plan for National Economic and Social Development in Shanghai Xuhui District

5.3 Human Resources – Costs

Human resources cost considerations

As enterprises in China are responsible for paying social insurance benefits to their employees, it is important to take labor and social welfare costs into account when calculating total human resource costs.

Average wage^①

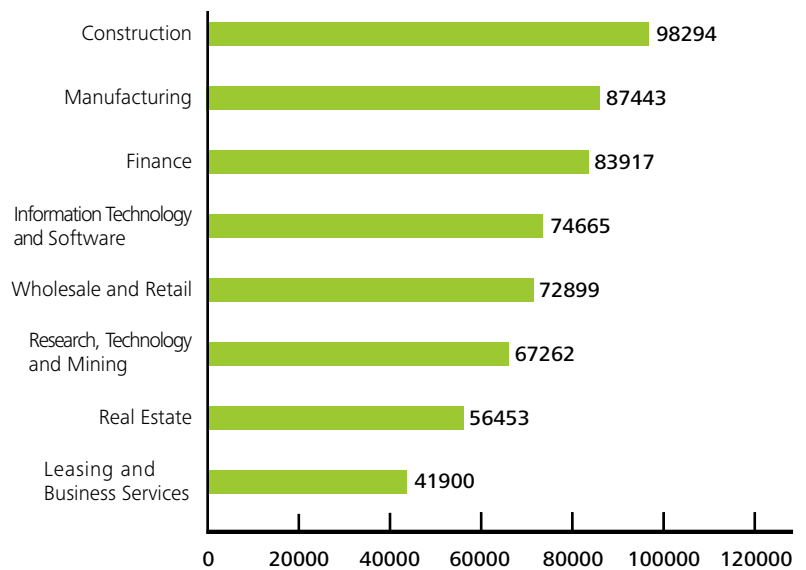
In 2011, the total resident population in Xuhui District surpassed one million and the average annual wages were CNY 58,528.

Welfare and social security

In China, enterprises are required to pay a proportion of their employees' social security payments, including social insurance and housing fund contributions. Under the relevant regulations, social security payments made by enterprises in all regions of Shanghai account for 37% of total compensation.^②

Average 2010 wages of employees in certain industries in Xuhui District

(unit / 1 RMB)



Type of social insurance	Specific premiums borne by enterprises
Unemployment insurance	2%
Pension	22%
Medical insurance	12%
Work injury insurance	0.5%
Maternity Insurance	0.5%
Corporate social security payments	37%



Source:

①Xuhui Statistical Yearbook (2011)

②Official data provided by the Shanghai Municipal Human Resources and Social Security Bureau

6. Living environment

6. Introduction

6.1. History — Notable Residents and Landmarks

6.2. Arts and Culture

6.3. Buildings and Communities

6.4. Education and Healthcare

6. Introduction

However busy life gets, it is always necessary to take time for family and friends. To take but two examples of what Xuhui District has to offer, Hengshan Road's corridors of plane trees and the roadside coffee shops to be found on Wukang Road afford a pleasant environment for social activities. Foreigners can enjoy the region's long, rich history and the ongoing cultural exchanges between the East and West that it fosters.

Also important to the quality of life are the region's health care system, high grade educational establishments and balanced ecological environment.

Xuhui's rich historical and cultural heritage is revealed in the historic Western style buildings, such as EMI's Little Red House, Xujiahui library, Xujiahui Catholic church, and the Wukang Building.

Xuhui District has a rich cultural atmosphere, pleasant tree-lined streets, and large areas of green public space. With its lifestyle advantages and abundance of business support facilities, the district is an excellent place to live and work.

—China Haisum Engineering Co., Ltd.

China Haisum Engineering Technology Co., Ltd. was founded in December 2002, during the re-structuring of the former Shanghai Design Institute of Light Industry. It was the first company in the professional design services industry to be listed in China and is primarily engaged in general contracting, design, consultation and management.



6.1 History-Notable Residents and Landmarks

The origins of Xuhui District^①

The beginnings of Xujiahui, which lies at the heart of Xuhui District, can be traced back to the 15th century. During the final days of the Ming Dynasty, Xu Guangqi, the Grand Secretary of the Wenyuan Pavilion of the Imperial Library, was engaged in developing estates in Xuhui as well as the agricultural sciences. To commemorate his great contributions to society and the region, upon his passing, the district was named after him.

Introduction to Western culture

In the mid-19th century, Western Catholic Jesuit missionaries arrived and settled in Shanghai. Because of its ready access to water transportation, the missionaries chose Xujiahui as the site for the Jesuit School. As they erected additional buildings, including churches, libraries, museums, an observatory, and what later became the Xuhui Public School, the missionaries both spread Western culture in China and introduced Chinese culture to the West. The resulting cultural exchange was a feature of Xuhui from a very early stage in its history and Xujiahui was considered one of the Shanghai's first gateways to Western culture.

Buddhist Shrine

Xuhui boasts another religious landmark apart from the Catholic Church – Longhua Temple, which is located in Longhua Town. Longhua Temple was built 1,700 years ago and is the oldest and largest Buddhist temple in Shanghai. The temple hosts an annual folk fair that attracts a large number of participants and tourists each spring.



Xujiahui Cathedral



Longhua Temple



Former Residence of Soong Ching Ling



Xu Guangqi and Matteo Ricci Soong Qingling and Sun Yat-sen

Xu Guangqi (1562 – 1633)

Living at the end of the Ming Dynasty, Xu Guangqi was not only a scientist, politician and cultural exchange pioneer, but also one of Shanghai's first Catholics. The open-minded Xu Guangqi was educated by the scholar Matteo Ricci and Italian Jesuit missionaries, and helped bring Western science, religion and philosophy to China. The far-reaching consequences of their pioneering efforts and earned both of them a place in China's history books.

Soong Qingling (1893 – 1981)

One of the famous Soong sisters, Soong Qingling is also known as Madame Sun Yat-sen as she was married to Dr. Sun Yat-sen. Soong Qingling served as Honorary Chairman of the People's Republic and was a prominent social activist. For a long time she oversaw the work of the China Relief Association and the Chinese Red Cross. When she was awarded the Stalin Peace Prize for "strengthening international peace" in 1950, Soong donated the award money to create the China Welfare Institute's International Peace Maternity and Child Health Hospital. Soong Qingling lived at No.1843 Huaihai Zhong Road for 15 years, the longest she ever lived at one address.

Source:
①Shanghai Xuhui District Government website

6.2 Arts and Culture

At the end of the 11th Five-Year Plan period, Xuhui District had 9 cinemas, 14 public cultural centers, 14 public libraries, 31 former residences of celebrities and 15 cultural heritage projects.^①



EMI's Little Red House

EMI, the largest record company in the world at the time set a branch in China in 1904. EMI's Little Red House in Xujiahui Park is the former site of Chinese Record Company (Shanghai Branch). Almost all of China's prominent modern-era singers, composers and musicians have worked and recorded there at some point in their careers, including Zhou Xuan, Hu Die, Nie Er, and Xian Xinghai.



The Shanghai Conservatory of Music

The Shanghai Conservatory of Music, which was founded in 1927, is a well-known foreign and domestic music academy. For 70 years, the conservatory has trained musicians from throughout China and around the world. Boasting famous alumni such as Zhou Xiaoyan and Liao Changyong, over the years the Shanghai Conservatory of Music has come to be known as the "Musicians' Cradle."



One hundred years of national industrial base

2577 Creative Courtyard is located at No. 2577 Longhua Road. Dated back to the period between 1860's and 1890's, this location used to be a weapons factory; later it was turned into the first Institute of Industrial Design of China. Hence, names such as "cradle of Western art" and "birth place of Chinese modern industrial design" were awarded to this artistic place.



T'Ou-SE-WE Museum

This museum exhibits the arts of both world-famous sculpture master Chongren Zhang and boxwood sculpture pioneer Baoqin Xu. T'Ou-SE-WE Museum is the home of Chinese Western painting and the source of modern Shanghai's art styles, and also sends its paintings to exhibitions overseas.

Source:
①Xuhui Statistical Yearbook (2011)

6.3 Buildings and Communities

A community with European flair

Xuhui District's tree lined streets, elegant courtyards, and grand old European residences of old are inevitably reminiscent of Shanghai's bustling city area of more than half a century ago.

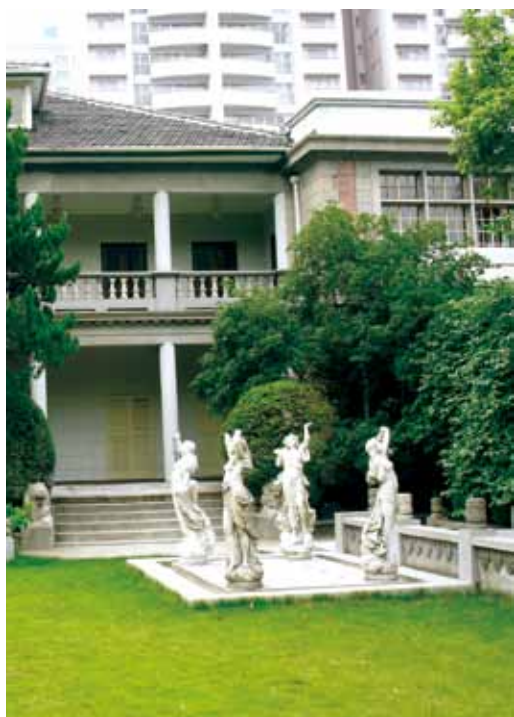
Elegant and timeless garden houses

Garden houses are one of Xuhui District's unique features. The majority of the garden homes are found in the former French Concession area near Hengshan Road. The houses are characterized by the rich foliage of their courtyards and gardens, their high quality construction and impressive European architecture. The strong cultural heritage of this area has helped attract a new, modern international community.

Modern residential complexes

The many high-end residential complexes and service apartments located in Xujiahui's bustling commercial center are very popular with foreigners. These modern, convenient, upscale communities offer top-level property management services and high-end clubhouse facilities.

Xuhui District is home to more than half of Shanghai's mixed Chinese and Western-style houses.^①



Source:
① "Mysterious Courtyards: Stories of the old houses on Wukang Road"

6.4 Education and Healthcare

Excellent education facilities for foreigners

In addition to attending the private international schools in the District, foreign primary and secondary school students are permitted to attend classes at the District's standard primary and secondary schools. At the end of the 11th Five-Year Plan period, the number of overseas students studying in the primary and secondary schools in the District, including those from Hong Kong, Macao and Taiwan, exceeded 2,600.^①

School	Address
Shanghai Singapore International School	No. 1445 Huajing Road
Shanghai High School International Division	No. 400 Shangzhong Road
Shanghai Tiny Tots International Pre-school and Kindergarten	No. 43 Fuxing Road
Kinderworld International Kindergarten	No. 524 Fuxing Zhong Road

Comprehensive medical care^②



Foreign residents in Xuhui District have excellent access to high-quality medical services. A number of hospitals have introduced comprehensive translation services allowing foreign patients to be accompanied by translators through the entire medical process. Furthermore, healthcare institutions are creating "green-light" services especially for foreigners to expedite service delivery, and to offer the best possible healthcare.

Hospital	Address
International Peace Maternity and Child Health Hospital	No. 910 Hengshan Road
Fudan University Zhongshan Hospital	No. 180 Fenglin Road
Longhua Hospital Shanghai University of Traditional Chinese Medicine	No.725 Wan Ping Road
Fudan University Cancer Hospital	No. 270 Dong An Road
Shanghai 6 th People's Hospital	No. 600 Yi Shan Road
Shanghai Five-sense Organs Hospital	No. 83 Fen Yang Road



Source:
 ①Xuhui District Education Bureau
 ②Xuhui Yearbook (2011)

Conclusion

Report Summary

In spite of the International Financial Crisis, Xuhui's regional economy has continued its steady progress and the district has embraced the challenge of sustaining growth by exploring emerging industries and markets. The district has also been promoting efforts to restructure the modern services industry in order to transition the industry from a growth sector to a leading sector. The high-tech industry serves as a foundation for future innovation-driven achievements and transitional development for Xuhui.

The content of this report is based on the analysis of Xuhui District's investment environment. The four most attractive aspects of Xuhui District may be summarized as follows:

1. Chinese and Western cultural heritage

Xuhui District has a long history, dating back to the Ming Dynasty when Catholic missionaries first arrived here. Their arrival resulted in the area's gradual development into a unique and prosperous region that united Chinese and Western cultures. The District has an impressive educational heritage, exemplified by Xuhui Middle School which is over 160 years old and was one of China's first Western-style schools. In addition, the district has a wide selection of restaurants, Catholic churches, and European-style architecture, providing a diverse historical and cultural atmosphere.

2. Excellent business environment

As one of the most prosperous parts of Shanghai, Xuhui District has a robust economic foundation in mature business districts such as Xujiahui, Hengshan Road, Huaihai Road, and technology parks such as Caohejing High-Tech Development Zone. Xuhui is also quickly becoming a hub for high-end business enterprises, as well as a center for regional headquarters of multinational corporations. Xuhui District will continue to focus on developing the high-end services industry, small businesses, culture, tourism and other industries with the objective of evolving into a dynamic, high-end, well-integrated commercial center.

3. Vast talent pool

After more than 20 years of development, Xuhui District is now home to a large number of well-established schools, research institutions and high-tech enterprises. Xuhui's position as one of Shanghai's most important concentrations of technology services firms coupled with its educational resources and pleasant living environment have helped the district to attract large numbers of highly qualified personnel. With development initiatives well underway in the key areas of Xujiahui, Huaihai Road/Donghu Road and Caohejing High-Tech Development Zone, Xuhui District is preparing for the future by bolstering regional and financial planning efforts, and enhancing government policy focus. The objective is to develop a region replete with high-quality human resources and a world-class working and living environment for the international community.

4. Sound infrastructure

As befits its role as a key component of Shanghai's downtown area, Xuhui District enjoys a convenient transportation network and well-developed public facilities. The District has leveraged its uniquely advantageous transportation options, communication services, energy supply and other facilities to support economic integration and overall competitiveness.

Driving force for development

Xuhui district will focus on developing the modern services industry, including information services, financial services, business services, scientific research services, culture and tourism services, to establish a leading position within the regional economy. Xuhui will also actively promote progress and expansion within the high-tech sector, which includes industries such as electronic information, biopharmaceuticals, alternative energy and advanced materials, to further attract the establishment of R&D centers and regional headquarters.

Leveraging the area's intrinsic historical and culture advantages, Xuhui will continue to optimize and integrate the business districts in Xujiahui, Huaihai Road and Hengshan Road. The district will also support the rapid transformation of other key development areas, such as the business and cultural area beside the Huangpu River (Xuhui Binjiang) and the Caohejing High-Tech Development Zone. In its effort to build an ideal economic environment, Xuhui District is coordinating the development of a modern, first-class commercial hub that is home to MNC headquarters, modern services and high-tech enterprises. The region will feature robust infrastructure, a wide variety of educational and cultural resources, and exceptional ecological protection measures, to create an ideal environment in which to live and work.

To further optimize industrial development, Xuhui District will expedite its progress by:

- Focusing on the development of the modern services industry
- Actively promoting high-tech industries
- Increasing the volume of business and trading activities
- Maintaining the healthy development of the real estate market

Looking into the future

As economic globalization continues, Shanghai's primary development goal for the 21st century is to become an international center for business, shipping, finance, and trade. Xuhui District will play a significant role in this endeavor by promoting the concept of "High-end industries, low carbon development" and encouraging the integrated development of the high-tech and modern services industries, and the formation of industry clusters and concentrations in the region.

In conclusion, the report's authors would like to thank the leaders and departments of Xuhui District for their support, as well as all the enterprises that participated in the research and interviews.

Appendix

- 1、Registered capital and total investment of foreign-funded enterprises
- 2、Main taxes applicable to foreign-funded enterprises
- 3、Xuhui Binjiang key projects layout diagram

Appendix I: Registered capital and total investment of foreign-funded enterprises

Funding methods^①

Foreign investors can fund businesses by using freely convertible foreign currency or by making in-kind contributions with machinery and equipment, industrial property, proprietary technology and/or other methods. With the approval of the authorities, foreign investors can also fund their businesses by contributing renminbi-denominated profits they receive from other foreign-funded enterprises within China.

Ratio between total investment and registered capital^②

The ratio between the registered capital used by a foreign-funded enterprise established in China and its total investment must be consistent with statutory requirements. This rule also applies to capital increases, but only up to the new investment value, not the total investment value after the capital increase.

Total Investment	Registered Capital
Below USD 3 million	At least 70% of total investment.
USD 3 million USD 10 million	At least 50% of total investment. For total investment under USD 4.2 million, registered capital cannot be less than USD 2.1 million.
USD 10 million USD 30 million	Minimum 40% of total investment. For total investment under USD 12.5 million, registered capital cannot be less than USD 5 million.
Above USD 30 million	Minimum 1/3 of total investment. For total investment under USD 36 million, registered capital cannot be less than USD 12 million.

Funding period^③

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 issuance of a business license; if the contributions are to be made by installment, the first payment may not be less than 20% of registered capital required by law, nor should it be less than the statutory minimum registered capital. The initial contribution must be made within three months after the business license is issued, with the balance paid within two years of the date of incorporation of the company. Capital contributions to a China holding company should be paid up within five years.



^①PRC Foreign Enterprise Law Implementation Rules (State Council Decree [2001] No. 301)

^②PRC Company Law (Presidential Decree [2005] No. 42)

^③Interim Provisions on the proportion of registered capital and the total amount of investment of Sino-foreign joint ventures (Notice of the State Administration for Industry and Commerce [1987] No. 38)

Appendix II: Main taxes applicable to foreign-funded enterprises

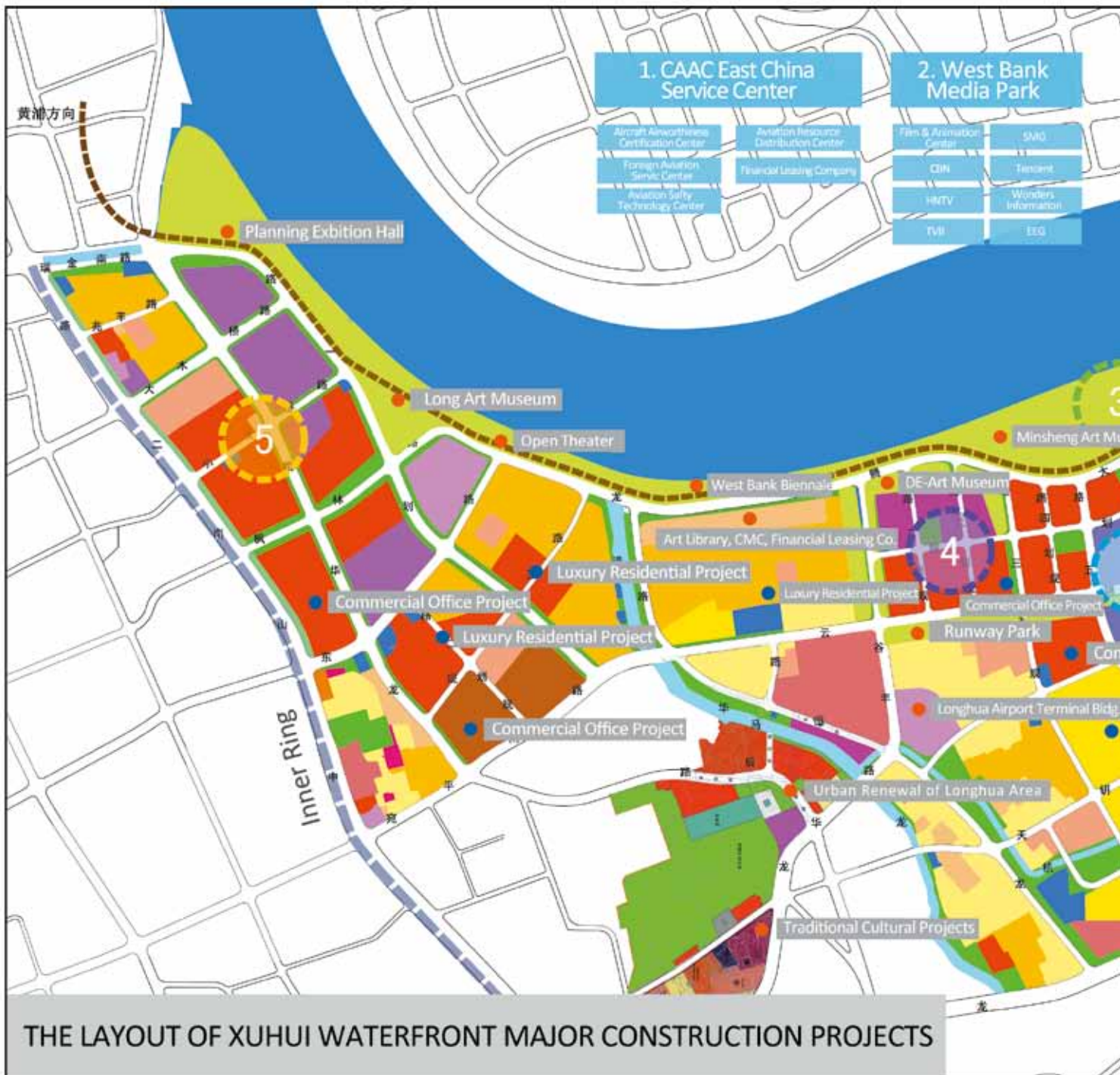
Income tax	Taxable scope	Tax rate
Corporate income tax	Resident enterprises are subject to corporate income tax on their worldwide income. Nonresident enterprises are taxed on their China-sourced income and income related to their offices and/or facilities maintained within China.	Statutory tax rate: 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: 5%-45%

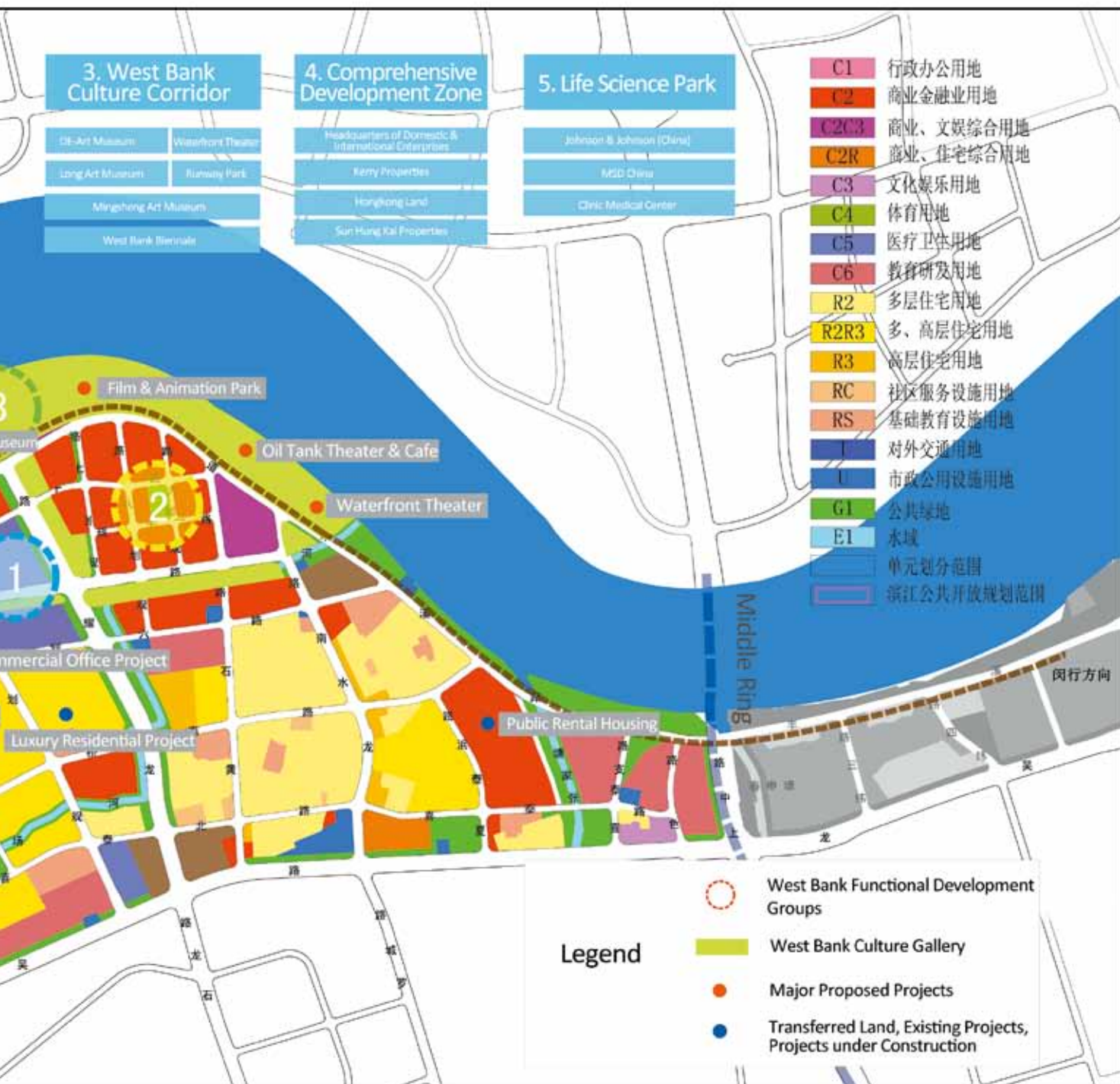
Turnover tax	Taxable scope	Tax rate
Value added tax	VAT is levied on any person and/or organization engaged in the sale of goods and/or the provision of processing, repair and/or replacement services within China.	Statutory tax rate: 0%, 13%, 17%
Consumption tax	Consumption tax applies to entities that 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.	Omitted

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 December, 2011

Appendix III: The layout of Xuhui waterfront major construction projects





Government organization for foreign investment services in Xuhui District

Shanghai Xuhui Commission of Commerce

No. 336 Caoxi North Road, Shanghai, China

Tel: +8621 64872222

Fax: +8621 64388256

<http://swww.xh.sh.cn>

Shanghai Xuhui Business Promotion and Enterprise Service Center

No. 313 Hongqiao Road, Shanghai, China

Tel: +8621 64870011

Fax: +8621 64640586

<http://invest.xh.sh.cn>

State Tax Bureau of Shanghai Xuhui

No. 188 Hongqiao Road, Shanghai, China

Tel: +8621 64418888

Fax: +8621 64411598

<http://www.xhtax.sh.gov.cn>

Shanghai Administration for Industry and Commerce, Xuhui Branch

No. 76 Chaling Road, Shanghai, China

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Fax: +8621 64037874

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<http://epb.xh.sh.cn>

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Xietu Community Enterprises Service Center of Xuhui District

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Tianlin Community Enterprises Service Center of Xuhui District

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Tianping Community Enterprises Service Center of Xuhui District

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Lingyun Community Enterprises Service Center of Xuhui District

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Kangjian Community Enterprises Service Center of Xuhui District

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Hunan Community Enterprises Service Center of Xuhui District

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