

# ASSESSMENT OF WUHAN'S INVESTMENT ENVIRONMENT FOR 2010

2010武汉市投资环境评估报告



# Foreword

The year 2011 marks the beginning of China's 12th Five-Year Plan (2011-2015) and China's major cities are forging new development strategies and directives for the next five years.

Wuhan is the capital of Hubei province and geographically, the heart of Central China. As a vital base for industrial and scientific education with an integrated transportation hub, Wuhan historically has placed great emphasis on urban development and growth.

Looking back over the last Five-Year Planning Period, Wuhan has achieved enormous social and economic progress:

- Comprehensive economic growth
- Rapid urban construction
- Significant ecological and environmental protection breakthroughs
- Expanded reform and liberalization policies
- Balanced community paradigm

Despite the global financial crisis, harsh winters, floods and other challenges facing Wuhan during the 11th Five-Year Planning Period, the city emerged successfully and achieved major goals and missions set forth in the 11th Five-Year Plan with respect to the economy, politics, culture, education and the fostering of a rational and sustainable environmental policy. These accomplishments have laid a solid foundation for the next stage of growth and expansion.

One of the goals of the 12th Five-Year Plan is the development of Central China.

Wuhan has declared its overall socio-economic development goals to be as follows:

- To become a critically advanced national manufacturing center, modern service center, all-inclusive national high-tech industrial base and comprehensive transportation hub;
- To expedite the transition to a resource-efficient and environmentally friendly, economy;
- To be at the forefront as a reform pilot area and a model for innovation;
- To solidify and enhance its position as a strategic city in Central China;
- To create a prosperous society that will help position the city as a modern and international metropolis.

This report provides information to foreign enterprises

that intend to invest in China, particularly in Wuhan. Supportive data are provided by the World Bank's 2006 survey report on the competitiveness of China's 120 cities, the 2010 Blue Paper on Chinese Urban Competitiveness: China City Competitiveness Report issued by Social Sciences Academic Press (China), indices from the Ministry of Commerce and regional authorities, together with supplementary data on Wuhan's macro and micro economic and business climates.

The report describes Wuhan's investment environment in the context of five factors of most interest to business investors:

- Governmental policies
- Business cooperation
- Human resources
- Infrastructure
- Standard of living

The report uses research approaches, such as field surveys and enterprise interviews, along with qualitative and quantitative analysis to review Wuhan's investment environment, in terms of investor satisfaction and importance. The research and analysis demonstrate that Wuhan, with its natural endowments and acquired advantages, has the necessary characteristics to develop into an advanced manufacturing and modern services base:

- Advantageous geographical location
- Efficient government operations and people-oriented government services
- Commercial environment bridging China with the rest of the world
- A solid manufacturing base
- Abundant talent pool and leading scientific research institutions
- Quality infrastructure
- Increasingly improved ecological and sustainable environmental policies

With the achievements of the 11th Five-Year Planning Period as its stepping stone, Wuhan is well-positioned for the new prospects and challenges that lie ahead. Wuhan will seize every opportunity to build a new platform for its social and economic development – and driven by China's multi-strategic impetus, the city aims for further successes.

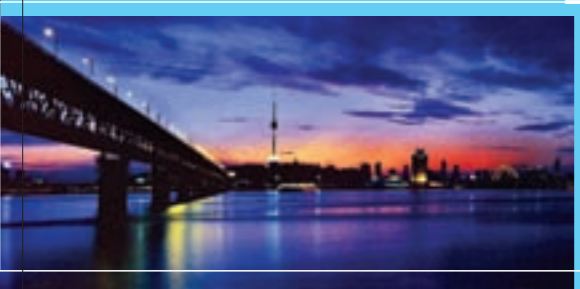


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## Wuhan Overview



## 1.1 City Profile



### Geographical Location

Wuhan is situated east of the Jiangnan Plains and at the intersection of the Yangtze River and its largest tributary, the Hanshui River. The metropolitan area grew out of the consolidation of three boroughs that face each other across the rivers: Wuchang, Hankou and Hanyang, commonly called the “Three Towns of Wuhan.”

### “Leading Thoroughfare to Nine Provinces”

Wuhan historically has been known as “the leading thoroughfare to nine provinces” and is China’s largest transportation hub for land, water and air travel. Its strategic location links the East with the West, and the South with the North, making the city the “heart” of China.

The rapid development of the modern logistics industry in Wuhan has been propelled by the city’s considerable regional transportation advantages.

### Administrative Divisions

City Proper	Jiang’An, Jiangnan, Qiaokou, Hanyang, Wuchang, Hongshan and Qingshan
Suburban and Rural	Donghu/Xihu, Caidian, Jiangxia, Huangpi, Xinzhou and Hannan
State-Level Development Zones	Wuhan East Lake Hi-Tech Development Zone Wuhan Economic and Technological Development Zone Wuhan Wujiashan Taiwan Businessman Investment Zone

The ten-thousand *li* long Yangtze River I’ve crossed, by so vast a land of Chu I’m impressed.

—Mao Zedong

Shui Diao Ge Tou, “Swimming”



# 1.1 City Profile

## Climate

Wuhan's climate is subtropical, with abundant rainfall and four distinct seasons. Wuhan has an average temperature of between 15.8°C and 17.5°C, a frost-free period of 240 days and 2,000 cumulative hours of sunshine annually.<sup>①</sup>

## History

Wuhan's urban civilization can be traced back 3,500 years to Panlong Town. The Town was transformed from a military staging ground to a regional political and business hub as a result of advanced water transport logistics and an abundance of merchandise. Wuhan came to possess the advantages and characteristics of a city infused with culture.

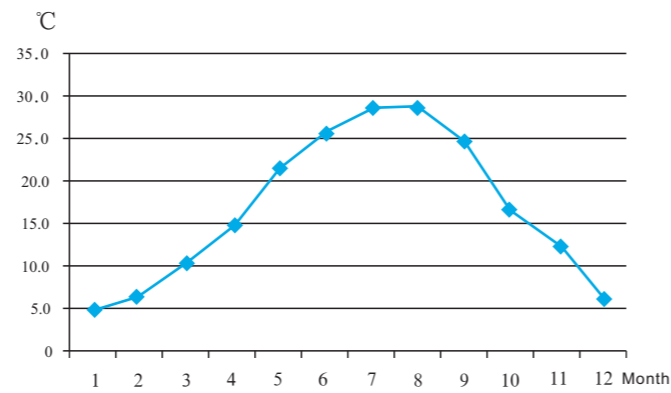
By the end of the Ming Dynasty and the beginning of the Qing Dynasty, Hankou, one of the Three Towns of Wuhan, was named one of China's Four Renowned Towns, along with Zhuxianzhen (Henan), Foshanzhen (Guangdong) and Jingdezhen (Jiangxi). In modern times, HanKou, the largest inland port in china, has been coined the "Chicago of the Orient" because of its comparatively more sophisticated commercial and transportation industries.

## Functional Orientation

China's State Council has recognized Wuhan as:

- The capital of Hubei province
- A strategic city in Central China
- A key national base of industry, science and education
- A major transportation hub
- A renowned historical and cultural city

Monthly average temperatures, 2010



Data Source: Wuhan Meteorological Observatory



With the official ratification of the Overall City Planning of Wuhan (2010-2020), the State Council definitively recognized Wuhan as a strategic city in Central China.

Data Source:  
①Wuhan Meteorological Observatory

# 1.2 Macroeconomics

## Strong Economic Growth<sup>①</sup>

Wuhan's GDP in 2010 was CNY 552 billion, making it the 13th in the nation and the first in Central China.<sup>②</sup> From 2006 to 2010, Wuhan's GDP consecutively surpassed the milestones of CNY 300 billion, CNY 400 billion and CNY 500 billion. Its GDP in 2010 was 2.4 times that of 2005.

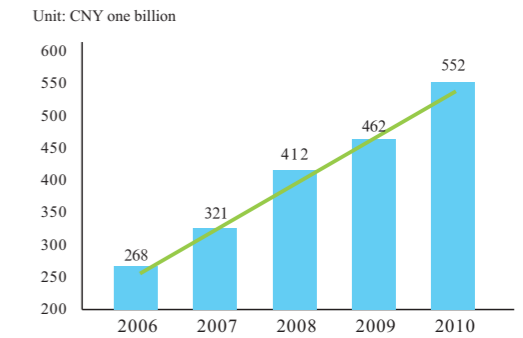
## Ongoing Improvement of Industrial Structure<sup>①</sup>

Wuhan has made considerable progress in optimizing its industrial structure.

In 2010, output from the secondary and tertiary industries accounted for 46% and 51% of GDP, respectively. The tertiary industry has contributed over 50% of the city's GDP for five consecutive years.

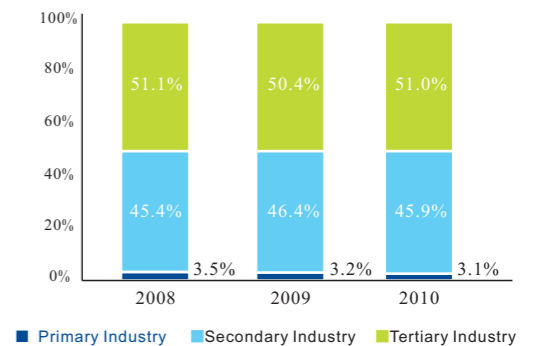
In 2010, output from the secondary industry increased by CNY 253 billion, or a 17.8% increase over 2009. Similarly, output from the tertiary industry increased by CNY 281 billion, or a 12.5% increase over 2009.

Wuhan's GDP 2006-2010



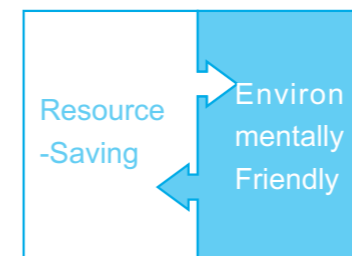
Data Source: Wuhan Statistical Yearbook 2010; Statistical Bulletin of the National Economy and Social Development of Wuhan 2010

Industrial Structure of Wuhan 2008-2010



Data Source: Wuhan Statistical Yearbook 2010; Statistical Bulletin of the National Economy and Social Development of Wuhan 2010

## Model of a Resource-efficient and Environmentally Friendly Society



With a view to developing and maintaining a resource-efficient and environmentally conscious economy, Wuhan is committed to:

- > Promoting the concentrated development of industry to shape the market environment and establishing resilient mechanisms to ensure the efficient utilization of land.
- > Aligning the tax and financial system with the goal of building a resource-aware, environmentally friendly society, setting up diversified investment and financing systems, optimizing the financial environment, and improving tax and financial services and user support.
- > Continuing to innovate and expand so as to facilitate the transfer-in of high-end industries, and incentivizing resource-conscious and environmentally friendly industries by fostering their export-oriented operations.
- > Improving the public service and administrative control system, and in particular offering system guarantees and a public service platform to encourage the development of a resource-conserving, ecologically sound society.
- > Introducing innovations in the resource conservation and environmental protection areas, and perfecting the relevant marketing, pricing, compensation, and incentive machinery.

Data Source:  
①Wuhan Statistical Yearbook 2010; Statistical Bulletin of the National Economy and Social Development of Wuhan 2010  
② Cities in Central China include Wuhan, Taiyuan, Changsha, Zhengzhou, Nanchang and Hefei.

## 1.3 Consumer Market

### Vast Consumer Market, Significant Influence<sup>®</sup>

In 2010, retail sales of consumer goods in Wuhan totaled CNY 252 billion, an 19.5% increase from 2009.

Wholesale and Retail (CNY)	Growth Rate	Restaurants and Hotels (CNY)	Growth Rate
226.6 billion	20.4%	25.8 billion	12.1%

By the end of 2010, Wuhan had 142 large- and mid-sized supermarkets, 12 more than in 2009. There are 3,296 convenience stores, department stores, boutique shops and franchises, 824 more than in 2009. The registered commodity transaction markets boast a total of 583,524 of which are related to consumer goods.

Hankou North International Commodity Transaction Center and Sijimei Agricultural Products Trading Center opened in 2010, with other key projects, such as the Wuhan Merchant Mall and the IKEA Shopping Mall, being expedited.

In 2010, the per capita disposable income of urban residents in Wuhan reached CNY 20,806, an increase of CNY 2,421 or 13.2% from 2009.

Wuhan is noted for its vast consumer market and consumption potential, as the disposable income of its residents continues to increase.

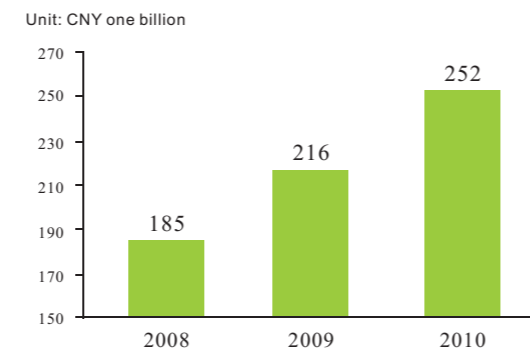
### Favored by International Retail Giants

Demonstrating the truth of the adage, “Merchants survive in Hankou,” Wuhan is the trading and financial center in the mid-stream of the Yangtze River. As noted earlier, at the beginning of the Qing Dynasty, Hankou was recognized as the most prosperous and flourishing place in Wuhan, and one of the four renowned towns in China.

Today, international retail giants, such as Carrefour (France), METRO (Germany) and Wal-mart (USA) all have stores in Wuhan which have spurred the development of local businesses and trade. Swedish retail furniture giant, IKEA, plans to build a regional shopping center, called the Yingte IKEA Shopping Center, in Wuhan.

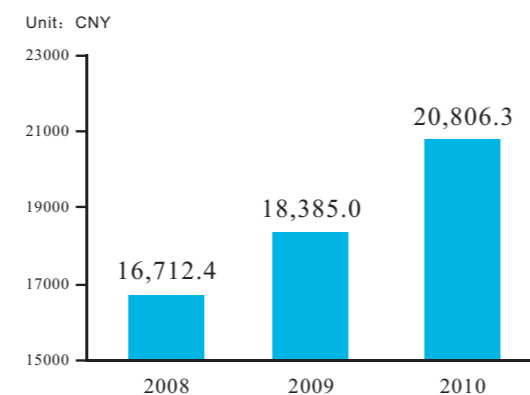
Data Source:  
Wuhan Statistical Yearbook 2010;  
Statistical Bulletin of National Economy and Social Development of Wuhan 2010

### Total Retail Sales of Consumer Goods in Wuhan, 2008-2010



Data Source: Wuhan Statistical Yearbook 2010;  
The Statistical Bulletin of National Economy and Social Development of Wuhan 2010

### Per Capita Disposable Income of Urban Residents in Wuhan 2008-2010



Data Source: Wuhan Statistical Yearbook 2010;  
The Statistical Bulletin of National Economy and Social Development of Wuhan 2010

Wuhan's residents are enthusiastic consumers who enjoy their rising affluence. At the same time, Wuhan attaches great importance to the development of the “1+8” city cluster and has huge potential as a result of regional economic integration and its promising consumer market.

—Carrefour (Wuhan)

Data Source:  
Wuhan Statistical Yearbook 2010;  
Statistical Bulletin of National Economy and Social Development of Wuhan 2010

## 1.4 Scientific Research Environment

### Output Value of High and New Technology Industries Annual Growth Rate 26.2%

#### High and New Technology Industries – Notable Achievements<sup>®</sup>

According to statistics compiled by the Wuhan Science and Technology Bureau during the 11th Five-year Planning Period,

- The output value of high-tech and new technology industries in Wuhan realized an annual growth rate of 26.2%
- Key science and technology development projects were financed exclusively with up to CNY 11 billion
- 382 projects were launched in Wuhan City
- The newly increased output value of high-tech and new industries reached CNY 33 billion
- 329 patents were issued
- 225 scientific and technological innovations were realized
- 584 new standards were met
- The city obtained 276 awards at State/provincial/city-levels
- 433 high-tech enterprises meet the State's new standards for High New-Tech Enterprises, among which 24 have an annual output value exceeding CNY 1 billion



Data Source:  
Website of Hubei Provincial Science and Technology Department  
Statistical Bulletin of the National Economy and Social Development of Wuhan 2010



### The Optics Valley of China – a High-Tech Pioneer

The Optics Valley of China – the Wuhan East Lake Hi-Tech Development Zone – is located in the southeastern part of the city. The zone was officially approved by the State Council as a State-Level Independent Innovation Model Area on 8 December 2009 (along with Zhongguancun in Beijing). With the status of the zone officially elevated to the State strategic level, it will become one of the country's top high-tech parks with a claim to the best investment environment, the largest development prospects and the greatest concentration of favorable policies.

Within the zone, the Guandong Optoelectronic Industrial Park, Guannan Biopharmaceutical Industrial Park, Tangxun Lake University Science & Technology Park, Optics Valley Software Park, Fozuling Industrial Park and Electromechanical Industrial Park each have their own unique characteristics. About 2,000 high-tech enterprises are categorized under industrial classifications, with the opto-electronic industry playing a dominant role. Other sectors, such as energy and environmental protection, bio-engineering and innovative pharmaceuticals, electromechanical integration and high-tech agriculture, are also striving for rapid development.

# 1.5 Wuhan City Cluster Initiative —“1+8” City Cluster<sup>①</sup>

- The Wuhan city cluster, comprised of Wuhan and eight satellite cities, is an experimental zone for developing and implementing energy saving and environmentally friendly programs.
- Governmental departments in the Wuhan city cluster are taking the initiative to eliminate market barriers and set up a platform for inter-city cooperation. Departments responsible for commercial and industrial administration, personnel and education are committed to developing an integrated policy framework to facilitate market entry, talent flow, education and employment to enhance the overall competitive advantages of the city cluster.

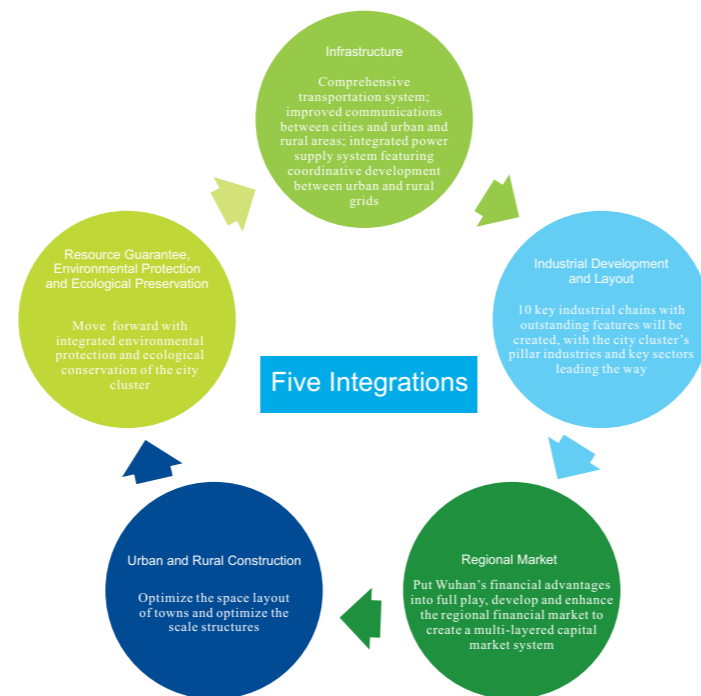
## “1+8” City Cluster

<b>Core city</b>	Wuhan
<b>Central cities</b>	Xianning, Huanggang, Xiaogan, Ezhou, Xiantao, Tianmen, Qianjiang and Huangshi
<b>Peripheral cities</b>	Honghu, Jingshan and Guangshui

## Five Integrations

The 12th Five-Year Plan proposes that concerted efforts be made to advance the “Five Integrations” in the Wuhan city cluster.

- > Four intercity railways will be completed and put into operation.
- > Priority will be given to the rapid completion of the Wuhan Newport.
- > An expressway network will be constructed as part of an integrated transportation network connecting the Wuhan city cluster.
- > A regionally integrated market system will be created to include the finance, commodity, technology, labor and tourism sectors.
- > A system will be introduced for the better sharing of scientific, technological, educational, cultural and health resources.
- > Measures will be introduced to coordinate trans-regional programs for the protection of the environment.



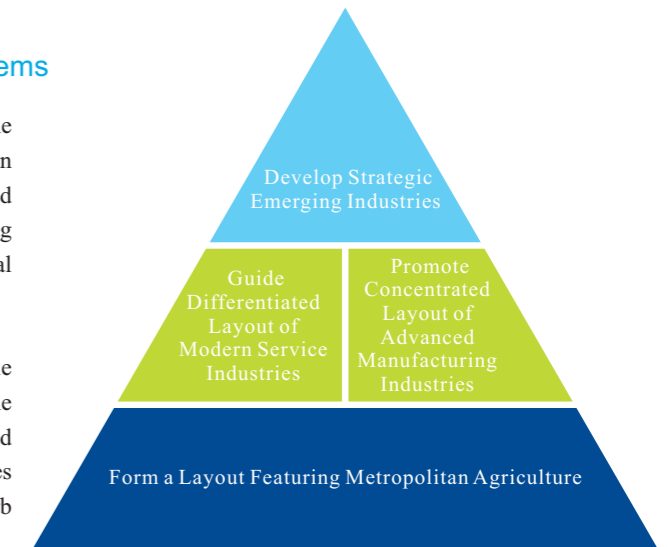
Data Source:  
Outline of the 12th Five-Year Plan for the National Economy and Social Development of Wuhan City

# 1.6 Proper Planning

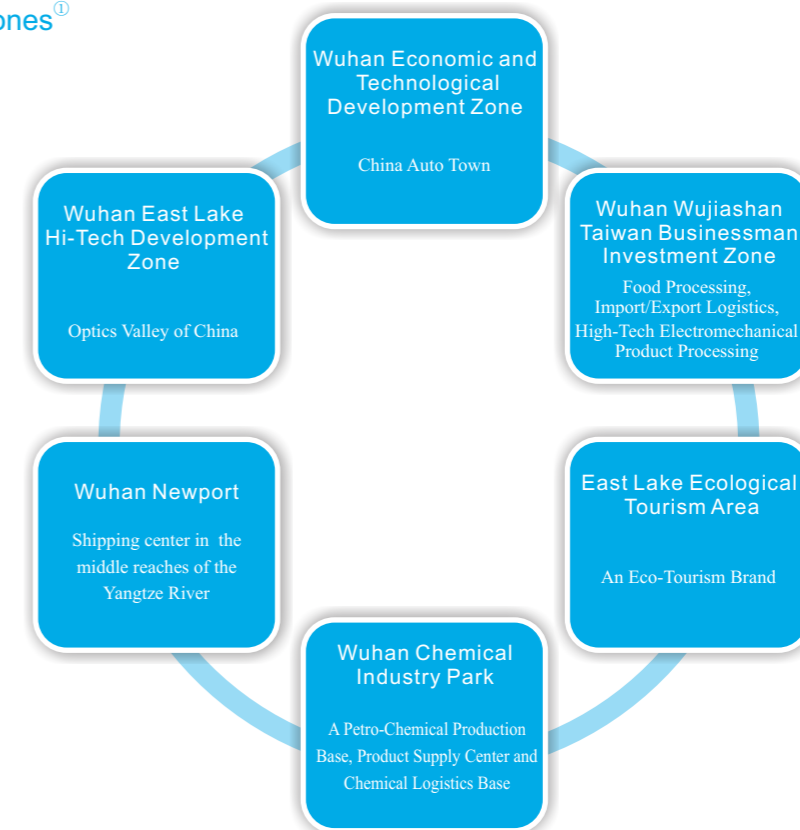
## Supportive and Reliable Modern Industrial Systems

According to the Outline of the 12th Five-Year-Plan for the National Economy and Social Development of Wuhan, Wuhan will adjust and fine tune finance, investment, industry, land and environmental protection policies, with more focus on improving infrastructure, while optimizing the development of industrial space.

The State-level development zones will assume a prominent role as the administrative machinery for the establishment of the functional zones is improved. Resources will be concentrated and priority will be given to the establishment of functional zones that have a solid basis for development, the ability to absorb environmental impacts and the potential to attract investment.



## Development and Construction of Functional Zones<sup>①</sup>



Data Source:  
①Outline of the 12th Five-Year-Plan for the National Economy and Social Development of Wuhan

## 1.7 Industrial Cluster – Strategic Emerging Industries

According to the Outline of the 12th Five-Year Plan for the National Economy and Social Development of Wuhan, Wuhan will accelerate the development of the new wave of strategic emerging industries, high-tech industrialization and modern service industries. At the same time, the city will seek to differentiate itself by creating an advantageous modern industrial system boosting the development of high-end pillar industries and upgrading its industrial structure.



### New-Generation Information Technology Industry

In an effort to build a regional information technology service and service outsourcing base, importance will be attached to developing such industries as next-generation mobile communications, new display devices, geospatial data, software, and service outsourcing, and to the fostering of such new industries as the “Internet of Things”, cloud computing and 3G convergence, as well as network value-added services.

### Energy-Saving and Environmental Protection Industry

The transition to an energy-saving and environmental protection industrial base of the largest scale in Central China is under way. The use of domestic cutting-edge – and greener – technology will be used to attract turnkey equipment manufacturing with general engineering contracts, while focusing on highly energy-efficient and clean energy technologies and equipment and the appropriate treatment of air and water pollution.

### Alternative Energy Industry

With photovoltaic, biomass and wind power devices in focus, efforts will be made to promote the scale-oriented development of the alternative energy industry. Initiatives will be taken to promote research and popular applications of nuclear energy technology, while promoting clean utilization of traditional energy sources.

### Biotechnology Industry

Relying on such advantages as the concentration of national labs and sound R&D capabilities, efforts will be made to push forward with the development and application of key biomanufacturing technologies to build a biotechnology innovation center. Importance will be attached to developing biopharmaceuticals and bio-agriculture to support a national bio-industry base.

### High-End Equipment Manufacturing Industry

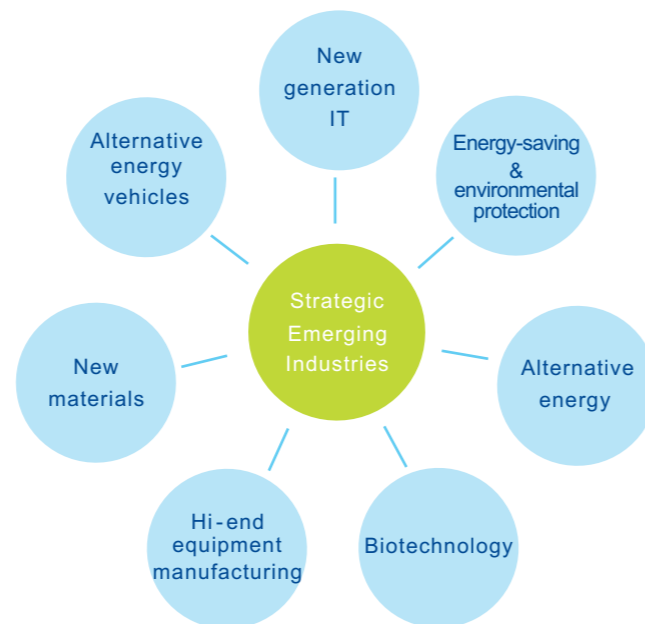
Importance will be attached to manufacturing laser devices, advanced shipping equipment, new electric and electrical equipment, and other special purpose devices.

### New Materials Industry

Importance will be attached to developing new metallic materials, advanced chemical materials, nanomaterials, alternative fuels and higher performance bio-materials.

### Alternative Energy Vehicle Industry

Importance will be attached to the design and manufacture of electric vehicles, hybrid electric vehicles and clean fuel vehicles, while seeking breakthroughs in such key technologies as automotive batteries, motors and electronic controls.



Data Source:  
Outline of the 12th Five-Year Plan for the National Economy and Social Development of Wuhan

## 1.7 Industrial Cluster –Advanced Manufacturing Industries

Wuhan will be resolutely implementing the strategy, “Vitalizing the city with industries,” in conjunction with Industrial Multiplication Programs (such as “One Hundred Billion Industries and Ten Billion Enterprises”). Through these programs, the city will accelerate technological reform and promote the combination of emerging and traditional industries, while strengthening the pillar industries, developing advantageous industries and building a key advanced manufacturing center in China.

### Prominent Manufacturers in Wuhan

- Dongfeng Honda
- Dongfeng Peugeot Citroen Automobile
- Wuhan Iron and Steel (Group) Company
- Wuhan Heavy Duty Machine Tools Group
- Yangtze Optical Fiber and Cable Company
- Huagong Tech Company
- Fiberhome Technologies Group
- Wuhan Kaidi Electric Power
- Foxconn
- Top Victory Technology Group
- Budweiser Beer Group

Note: Enterprises are not shown in any particular order.

### Gross Industrial Output Values and Growth Rates of Various Sectors in Wuhan in 2010

Unit: CNY 100 million

Index	Absolute Number	Year-on-Year Growth (%)
Automobile & Auto Parts	1,212.3	43.7
Electronic Information	924.8	30.2
Steel & Further Processing	875.1	32.7
Equipment Manufacturing	874.9	17.5
Food & Tobacco	692.0	22.8
Petro-Chemical	385.0	29.5

Data Source: Statistical Bulletin of National Economy and Social Development of Wuhan 2010



### Industrial Propagation Programs

- “One Hundred Billion Industries and Ten Billion Enterprises” Program
- Emerging Industries Fostering Program
- “One Hundred Billion Investments and Ten Billion Projects” Promotional Program
- “One Hundred Billion Sectors and Ten Billion Parks” Promotional Program
- Medium-and-Small-Scale Private Businesses Development Program
- Green Manufacturing Program

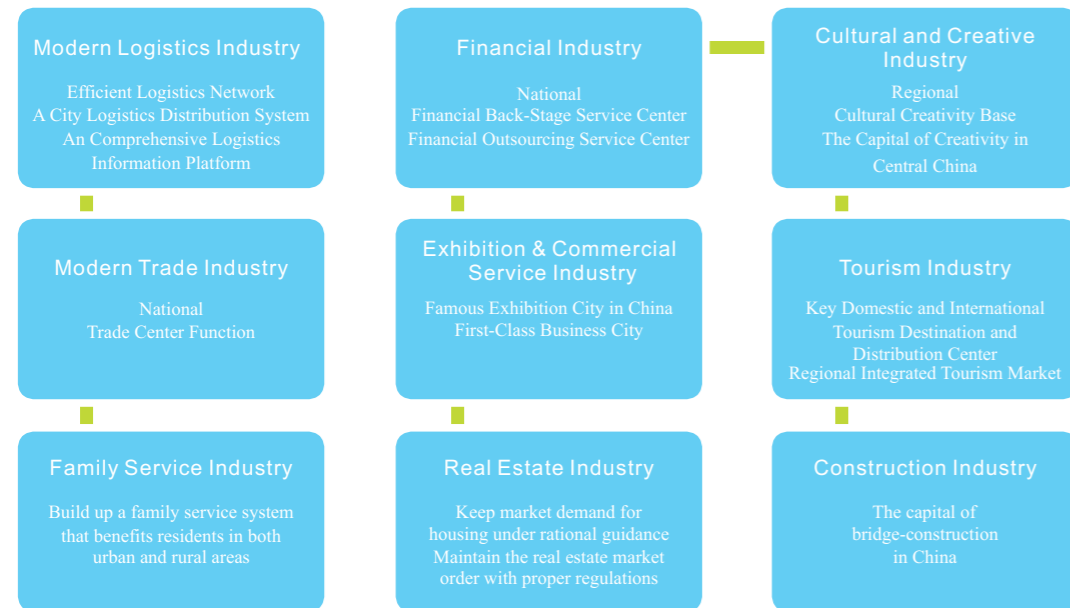


Data Source:  
Outline of the 12th Five-Year Plan for the National Economy and Social Development of Wuhan



# 1.7 Industrial Cluster – Modern Service Industries

A top priority for Wuhan is to become the center for modern service industries. To this end, the city is promoting the use of high technology to further improve and optimize the existing industrial structure and infrastructure, and at the same time, foster the creation of new consumer service industries and strengthen technological innovation.



## Government Policies



Data Source:  
Outline of the 12th Five-Year Plan for the National Economy and Social Development of Wuhan

## 2.1 Government Policies – Introduction

China currently implements multiple key strategies in Wuhan, including:

- “Rise of Central China” strategy
- A comprehensive pilot program for a resource-efficient and environmentally friendly economy in the Wuhan city cluster.
- Approving Wuhan East Lake Hi-Tech Development Zone as a state-level independent innovation model area.
- Approving Wuhan as a state-level high-tech industrial base.
- Positioning Wuhan as a strategic city in Central China.

These initiatives have helped create a solid foundation for the ongoing commercial and economic development of Wuhan City, and have provided the local government with the tools to further advance the reforms, eliminate barriers and foster innovation.

Wuhan has devoted considerable resources to evolve into a modern international city with sustainable economic, social and environmental systems, and top level infrastructure and to achieve the “Five Integrations”. These features are crucial to attract the desired investment, projects, talent and technology to the area.



## 2.2 Incentive Policies



### Foreign Direct Investment

Wuhan has adopted a number of policies to attract investment from multinational companies, particularly, those among the Fortune 500 companies. At the same time, multinationals that already have a presence in the city are encouraged and guided to increase investment, and set up R&D centers and/or scientific research institutions.

### Support to Key Industries

#### Incentive Policies for Foreign Investment<sup>①</sup>

Manufacturing	<ul style="list-style-type: none"> <li>• A discount of up to 2% on loan interest for key projects</li> <li>• A special annual fund of CNY 120 million for reviving key industries</li> <li>• Favorable land prices and regulatory fees and charges available on a case-by-case basis</li> <li>• Lower corporate income tax rate of 15% available to High New-Tech Enterprises</li> <li>• 50% super-deduction for R&amp;D expenses</li> <li>• Other incentives and capital increments, etc.</li> </ul>
Headquarters	<ul style="list-style-type: none"> <li>• Financial supported provided jointly by the municipal and district governments</li> <li>• Special fund to boost the development of headquarters</li> <li>• Guaranteed land use</li> <li>• Simplified immigration process for talent</li> </ul>
Service Outsourcing	<ul style="list-style-type: none"> <li>• Awards are granted to leading outsourcing enterprises for offshore business</li> <li>• Favorable tax policies on high-tech and software exports, etc.</li> <li>• Discounted loan interest for service outsourcing enterprises with foreign orders</li> <li>• Subsidies on rent and land-use charges</li> <li>• Favorable policies on the introduction, fostering and awarding of talent in Wuhan City</li> <li>• HR Training</li> <li>• Exploration of global market encouraged</li> <li>• Protection of intellectual property rights, etc.</li> </ul>

The Wuhan Finance Department has promulgated multiple favorable policies to attract foreign banks to Wuhan and participate in the “Rise of Central China” program.

#### Favorable Policies for Foreign Banks<sup>①</sup>

Lump-Sum Cash Reward	<ul style="list-style-type: none"> <li>• Cash incentive up to CNY 10 million for newly set up banks</li> </ul>
Local Benefits	<ul style="list-style-type: none"> <li>• Waiver of up to 50% of the amount of the business tax withheld at the city level for a specified period following the opening of a bank branch</li> <li>• Refund of up to 100% of the corporate income tax withheld at the city level for a specified period following the first profit-making year</li> </ul>
Other Policies	<ul style="list-style-type: none"> <li>• Prime financing projects at a regional level</li> <li>• Assistance with residence settlement of senior management personnel and their families, as well as schooling</li> <li>• Priority visa application processing</li> <li>• One-stop services to facilitate various formalities, including business registration</li> </ul>

资料来源:

① 武发[2008]21号、武政[2009]48号、武政[2009]16号、武服外包领[2009]1号和武政[2008]42号文件

## 2.3 Talent Policies

### Talent City

To attract talented individuals to relocate to Wuhan, the city has focused on innovative recruitment mechanisms and pioneering approaches, using such policies as the Yellow Crane Talent Project and the 3551 Talent Project, as well as the Doctor Introduction Project, the Overseas Talent Recruitment Project and the Foreign Talent Introduction Project

### Yellow Crane Talent Project<sup>®</sup>

Under the Yellow Crane Project, core members or leading experts of world-class teams in innovation, as well as qualified experts and entrepreneurs with claims to leading domestic expertise, are introduced to and fostered in Wuhan where their qualifications meet the priorities of urban functional zones, provincial-level economy development zones, city-level industrial parks, universities and research institutions, and other enterprises and institutions.

The goal of the Yellow Crane Talent Project is to draw 100 core members or outstanding professionals and another 1,000 qualified experts and entrepreneurs to Wuhan by 2015.

### 3551 Talent Project of the Optics Valley of China<sup>®</sup>

To create an environment conducive to qualified overseas candidates, Wuhan is carrying out the “3551 Talent Project” in the Wuhan East Lake Hi-Tech Development Zone.

3	Over the next three years, the Wuhan East Lake High-Tech Development Zone will introduce and foster qualified professionals with a focus on high-tech industrialization, with enterprises relocating to Wuhan and qualified overseas professionals being the prime focus.
5	Five key industry sectors are targeted, including the opto-electronic and information technology industries.
50	Introduce and foster about 50 candidates knowledgeable about state-of-the-art technologies and capable of providing leadership and management for industrial development
1000	Introduce and foster 1,000 qualified candidates who are capable of scientific and technological innovation, and commercialization of research findings in science and technology in emerging industries

Key Talent Policies	3551 Talent Project	Yellow Crane Talent Project
Financial Support	<ul style="list-style-type: none"> <li>Set up a “Talent Zone” into which an annual investment of CNY 150 million minimum will be made. World-class teams in innovation will be entitled to financial aid of up to CNY 100 million</li> <li>Financial aid of up to CNY 5 million for cutting-edge projects</li> </ul>	<ul style="list-style-type: none"> <li>A special fund of CNY 200 million-CNY 300 million annually to support business establishment</li> <li>Selected candidates will be entitled to financial aid of up to CNY 5 million</li> <li>Selected candidates will be entitled to financial aid of up to CNY 1 million</li> </ul>
Entrepreneurial Support	<ul style="list-style-type: none"> <li>A venture capital investment of up to CNY 5 million</li> <li>A discount of up to 50% of annual loan interest</li> </ul>	<ul style="list-style-type: none"> <li>Selected individuals will be permitted to set up high-tech enterprises either independently or with other persons using their R&amp;D and/or management expertise as their contribution to the enterprises</li> </ul>
Other Support	<ul style="list-style-type: none"> <li>Housing subsidies and assistance in obtaining residence permits, schooling for children of the candidates, financing of scientific and technological projects, award applications, investment for start-ups and registration</li> </ul>	<ul style="list-style-type: none"> <li>Arrange jobs for spouses of leading candidates</li> <li>Premium medical services provided to leading candidates</li> <li>Set up a service window delivering inquiry services, handling of residence permits, visas, change of domicile and registration with industrial &amp; commercial authorities for qualified candidates.</li> </ul>



“Wuhan implements the “3551 Talent Project.” Wuhan has promulgated a number of implementation rules with respect to financial subsidies and family arrangements for leading industrial talent and senior and mid-level personnel.”

—Wuhan Branch of GE (China) Co., Ltd.

Data Source:  
Brochure of Wuhan Yellow Crane Talent Project  
Interim Methods of the Administrative Committee of Wuhan East Lake Hi-Tech Development Zone Concerning the Implementation of the “3551 Talent Project”

## 2.4 Government Services

### Pioneering Liberalization Policies and Functional Innovation

The Wuhan United Service Center for Foreign and Domestic Investment (“United Service Center”) was established on 29 April 1998, to improve the efficiency of the government and provide comprehensive services to foreign investors. The United Service Center combines the efforts of various government departments to deliver foreign investors all-inclusive services, ranging from project application to registration and implementation of an investment.

### e-Government, Convenient Platform

The United Service Center comprises 35 functional government authorities relating to foreign investment services, two industrial administrative authorities, and 10 brokerage agencies, all available through an “e-platform”. The key services available to investors include:

- Consultation services, ranging from project application to registration with the Industrial & Commercial Administration
- Customs, foreign exchange, tax and financial administrative registration
- Planning consultation
- Territory entry/exit administration
- Water/electric services
- Workforce recruitment

The United Service Center is dedicated to technological enhancement of its service functions, and the promotion of e-administration. With the availability of an online service platform, touch-screen displays delivering consultation services, automated response services by telephone and online office systems, investors are granted access to a range of services, including legal and policy consultations, project negotiations, printing and fax transmission, and translation.



The government has always been supportive of foreign-invested projects and it’s pretty easy to get approvals and licenses here. The work is done more efficiently thanks to the one-stop services delivered by the United Service Center.

— Carrefour (Wuhan)

Data Source:  
Website of Wuhan United Service Center of Foreign and Domestic Investment

## Business Cooperation Environment



### 3.1 Business Cooperation Environment – Introduction

With the official endorsement of the State Council to create a resource-efficient and environmentally friendly economy within the Wuhan city cluster, Wuhan is emerging as a region with rapid economic growth and expansion, following in the steps of the Yangtze River Delta, Pearl River Delta and Bohai Coastal areas.

Developing Wuhan into a regional financial center is one of the key goals in China's 12th Five-Year Plan. By 2015, the financial sector will offer an added value of CNY 80 billion. Fourteen main projects are in the pipeline each exceeding CNY 100 million, with total investment to reach approximately CNY 15 billion.

The plan is to create a "golden triangle," relying on the modern service industry delivered by Wuhan Central Business District (Wuhan CBD), the high-tech industries in the Wuchang Optics Valley and the modern manufacturing industries in the Wuhan Economic and Technological Development Zone located in Hanyang to give momentum to Wuhan's economic development.

#### A CNY 500 billion International Business Hub

Over the past five years, Wuhan's GDP consecutively surpassed the milestones of CNY 300 billion, CNY 400 billion and CNY 500 billion. In 2010, the local GDP reached CNY 552 billion, while the total retail sales of consumer goods hit CNY 252 billion. By the end of 2010, over 134 of China's top enterprises and 81 Fortune 500 companies made investments in Wuhan, making it an inland international business hub, both in name and in fact.



## 3.2 Commercial Center – Wuhan New Area

Located in the southwestern part of the city, the Wuhan New Area is encircled by the Yangtze River, the Hanshui River and the Beijing-Zhuhai Expressway. The area covers the Hanyang District, the Economic and Technological Development Zone and part of the Caidian District, has a construction area of 160 sq km and will hold a population of up to one million.

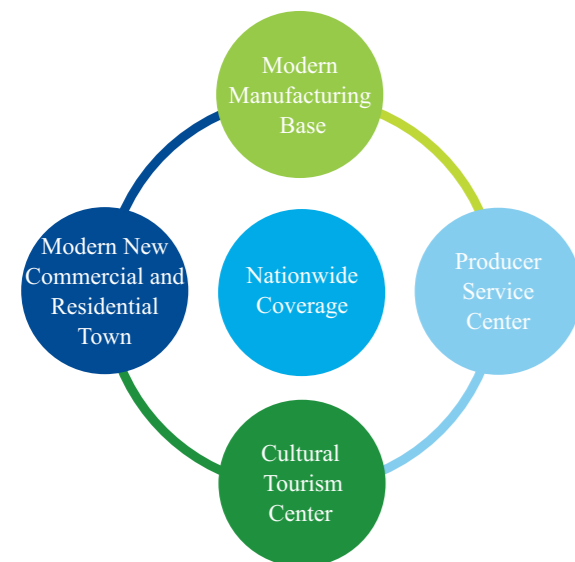
### Reasonable Planning Structure

The Wuhan New Area is planned to occupy an area of 368 sq km and will be divided into two sections: the key development section, comprised of the Hanjiang, Sixin and Dunkou Areas and the Ecologically Sensitive Control Section along Houguan Lake, Longyang Lake and Shihu Lake, and to the east of the Dongjing River.

### Key Development Section

Area	Planning Area	Function
Hanjiang	59 sq km	Cultural Tourism Center
Sixin	46 sq km	Producer Service Center Modern Ecological Residential Town
Dunkou	94 sq km	Modern Manufacturing Base

### Functional Orientation with Nationwide Coverage



### China's Fourth Largest Convention and Exhibition Center to be Built in 2011

Occupying a total construction area of about 2.4 million square meters, the Wuhan International Convention and Exhibition Center will be the fourth-largest integrated exposition and city-level tourism center in Central China. It will be a main site for exhibitions, displays and tourism, while serving as an integration of exhibition space, hotels, science and technology, commercial activities, leisure, entertainment and information exchange.

Inside the Convention Center, a T-shaped area totaling 1.2 million square meters, about 1.9 kilometers long and approximately 0.4 to 1.3 kilometers wide, will be designated as a business center. High-rise office buildings and shopping plazas will flank an open area with a well-watered landscape and public space.



Data Source:  
Wuhan International Convention and Exhibition Center

## 3.2 Commercial Center – Wangjiadun CBD

### Centrally Located, City Core Value

Deemed to be the No. 1 central business district (CBD) of Wuhan, Wangjiadun CBD is located in the center of downtown Hankou, which is naturally connected with Construction Avenue, also known as the Wall Street of Wuhan, and adjacent to the shopping center along Liberation Avenue.

- Land area of 7.4 sq km reserved
- Total construction area of 14 million sq meters
- Total investment of CNY 400 billion

### Grounded in Central China, Servicing the Nation, Facing the World

As one of the key construction projects completed in Wuhan during the 11th Five-Year Plan Period, the Wuhan CBD is noteworthy for such development themes as ecological balance and cultural interest. Adhering to state-of-the-art urban construction concepts as environmental protection and ease of access, the Wuhan CBD is a modern integrated service hub hosting finance, insurance, trade, information and consulting businesses.

### The Center of Central China, the Heart of Wuhan

Wangjiadun CBD is designed to be developed into a garden-style and highly efficient new downtown area. It will serve as a regional financial center and a major base hosting the head offices of group businesses, commercial events and exhibitions, and will feature integrated high-end residential and commercial areas.



Data Source:  
Wuhan Bureau of Commerce

## 3.2 Commercial Center – Optics Valley Finance Port

### Optics Valley Finance Port<sup>①</sup>

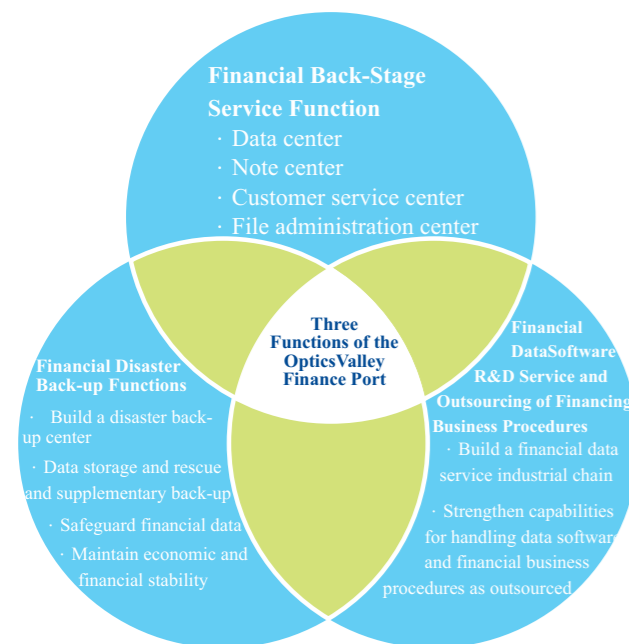
The Optics Valley Finance Port is located in the center of the Optics Valley of China, where the Optics Valley Boulevard intersects the Third Ring Highway. In addition to easy access to the urban functionalities and abundant commercial resources, there are many institutions of higher education in the surrounding areas. Features include:

- Over 260 acres (1,600 mu) reserved for the Port
- A planned construction area of 1.7 million sq meters
- An estimated total investment of CNY 10 billion

### National Financial Back-Stage Center<sup>①</sup>

By the end of 2010, more than 7,000 enterprises, 20 of the Fortune 500 companies and 15 listed companies rushed to settle in the Optics Valley Finance Port, which has significantly promoted the economic structural transformation of Wuhan and further advanced the construction of the Optics Valley Banking Service and Finance Shopping Mall. Once completed, the Optics Valley Finance Port will offer sufficient space for the development of:

- Eight to 10 financial institutions to set up their integrated back-office service centers
- 30 professional back-office centers
- 100 supporting service outsourcing enterprises



Some Financial Institutions & Service Centers	
Established Financial Service Centers	Central China Service Center of Bank of Communications Credit Card Center of China Merchants Bank Pacific Center of Bank of Communications Customer Service Center of Bank of Communications Union Business Back-Stage Center Service Center of Bank of China Everbright Bank Union Life Back-Up Center Pacific Insurance
Planned financial Service Center	Agricultural Bank of China Bank of China State Development Bank of China China Life Insurance Taikang Life Insurance Minsheng Bank Industrial Bank Xinhua Life Insurance GATIME Industrial and Commercial Bank of China HP Information Center Shanghai E-sure Financial Service Co., Ltd. China Cinda Asset Management Co., Ltd. Shenzhen Fortune Trend Tech Co., Ltd.



Data Source:  
Wuhan Bureau of Commerce

## 3.2 Commercial Center – Two Major Riverside CBDs

### Hankou Yanjiang CBD

#### The Cradle of Modern Wuhan

Occupying an area of 3.35 sq km, the Wuhan Riverside CBD stands by the Yangtze River and is encircled by Jiangnan Road (shopping area), Jingnan Boulevard, Huangpu Road and Yanjiang Avenue.

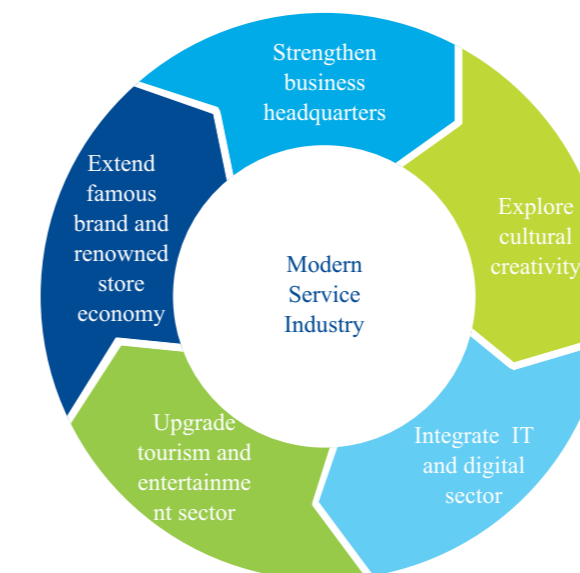
Over a century ago, 20 foreign banks, including Citibank, HSBC, Société Générale and 40 financial services firms were concentrated in the Riverside commercial district of Wuhan, which was recognized as another financial and trading zone in China, next only to Shanghai.

Being the second largest industrial and trading center and one of the most concentrated and booming areas of modern service industries in Wuhan, the Hankou Riverside CBD offers:

- The presence of firms from 17 countries
- A western lifestyle
- 74 notable historic architectural sites

#### Landmark Area of Wuhan

Hankou Riverside CBD aims to protect historic sites and improve land use in an effort to preserve its reputation as the heart of Hankou. The plan includes the construction of the Riverside CBD, which will be focused on the development of a modern service industry, with priority attached to the development of five key policies and industries.<sup>①</sup>



Data Source :  
① Riverside CBD Development Planning of Jiang'An District and Jiang'An Information Network



### Wuchang Riverside CBD

#### Unique Geographic Advantage

Situated between the Yangtze River Bridge and No. 2 Bridge, the Wuchang Riverside CBD is adjacent to the Yellow Crane Tower on the north, Xudong Commercial Circle on the south, the Yangtze River Bank on the west and Shahu Lake on the east. It is deemed to be an integral part of Wuhan's core scenic spot, the "Four Banks of Two Rivers," and a major commercial center:

- A total of 561 acres (227 hectares) reserved
- A total of 5,530 meters of frontage along the Yangtze River
- Four metro lines
- One cross-river tunnel

#### Greenland International Finance Town

A world-class Greenland International Finance Town will be situated in the Riverside CBD to complement the century-old Hankou Bund on the other side of the river. Boasting an excellent location, the Riverside CBD will be the key area in which to launch a new round of city development at Wuhan:

- A total of 165 acres (1,000 mu ) of land
- A total construction area of 3 million sq meters
- A total investment of CNY 30 billion
- A 606 meter tall office tower, Wuhan Greenland Center, which will be the second tallest skyscraper in China

### 3.3 Financial Institutions/Supporting Organizations/Hotels

#### Financial Institutions

Wuhan is recognized as China's fifth-leading finance center, after Beijing, Shanghai, Guangzhou and Shenzhen. Wuhan hosts 138 financial institutions, including banks, stock exchanges, insurance companies, trusts and financial leasing firms. Nineteen financial institutions have set up their nationwide back-office service centers in Wuhan. Five foreign banks have set up representative institutions in Wuhan, including Mizuho Corporate Bank, Société Générale, HSBC Bank, Standard Chartered Bank and the Bank of East Asia.

#### Supporting Organizations

Wuhan has established comprehensive service professional supportive service systems to meet the demands of a headquarters economy. Professional services, such as financing, insurance, brokerage, business consultation and legal services, have undergone remarkable development, and accounting, auditing, legal advisory and training services, in particular, have enjoyed prominent expansion.

Service Institutions <sup>①</sup>	Function	Number
Financial Institutions	Banks	27
	Insurance companies	45
	Stock exchange offices	78
Supporting Organizations	Accounting firms	201
	Asset appraisal firms	16
	Law firms	142
Five-Star Hotels	Guest rooms	4,281
	Meeting rooms	>98



#### Five-Star Hotels

By April 2011, 13 five-star hotels had opened in Wuhan, eight of which are in Hankou and five in Wuchang. The hotels are mostly situated in the busiest downtown areas, which offer the most favorable environment and conditions for both business meetings and commercial travelers.

Data Source :  
①Websites of the Wuhan Finance Office and other governmental authorities

### 3.4 Integration with International Markets

82

By the end of 2010, investors from 82 countries had established businesses in Wuhan.

5834

By the end of 2010, 5,834 foreign-invested enterprises had been approved in Wuhan, representing contracted foreign capital of USD 21 billion and actual foreign capital of USD 19 billion.

Since May 1992, after Wuhan was approved by the State to be one of the riverside cities opening up to the outside world, Wuhan has become a magnet for attracting foreign investment to Central China. By the end of 2010, 81 of the Fortune 500 companies had made investments and established their businesses in Wuhan, and thus far, 434 foreign enterprises have established representative offices in Wuhan.

Following China's conclusion of strategic partnerships with a number of countries and regions around the world, Wuhan has become one of the first service outsourcing model cities and one of the first automobile and auto parts export bases. Moreover, Wuhan has been one of the earliest cities authorized to operate direct flights to and from Taiwan, and has been approved to set up a bonded logistics center.

Partial List of Fortune 500 Foreign- Investment Enterprises 2010:

Ranking	Company	Country
1	Wal-mart	US
4	BP Ltd	UK
8	Shell	Netherlands
13	GE	US
14	Total Fina	France
18	Banque Nationale de Paris	France
22	Carrefour	France
39	HSBC Holdings	UK
40	Siemens	Germany
48	IBM	US
51	Honda	Japan
57	Metro	Germany
62	Société Générale	France
63	Nissan	Japan
78	Hyundai Motor Corporation	South Korea
89	Toshiba	Japan
94	PSA Peugeot Citroën	France
104	SK Holdings	South Korea
105	FranceTélécom	France
120	Nokia	Finland
140	Pfizer	US
164	MITSUI	Japan
172	PepsiCo	US
185	Nippon Electric (NEC)	Japan
195	Itochu	Japan

Note: The list is made available by Wuhan Bureau of Commerce, with the ranking to be per Fortune 500 2010.

Foreign Governmental Authorities and Commercial Agencies in Wuhan (See Appendix VI)	
North America	US Consulate General in Wuhan
	AmCham-China, Central China Chapter
	Canadian Commercial Corporation, Wuhan Representative Office
	Canada Trade (Wuhan) Office
Europe	French Consulate General in Wuhan
	China-Britain Business Council, Wuhan Representative Office
	Netherlands Business Support Office, Wuhan Representative Office
Asia	South Korean Consulate General in Wuhan
	Singapore Center
	JETRO Wuhan Office
	Korea Trade-Investment Promotion Agency, Wuhan Representative Office
	Hong Kong Trade Development Council, Wuhan Representative Office

Data Source:  
Website of Wuhan United Service Center of Foreign and Domestic Investment

## 3.4 Integration with International Markets

### Dramatic Increase in Foreign Trade Volume

In 2010, Wuhan realized a total import-export volume of USD 18 billion, an increase of 57.6% over the previous year. Of the total import and export volume, each accounted for USD 9 billion of the total, an increase of 65.1% and 50.3%, respectively.

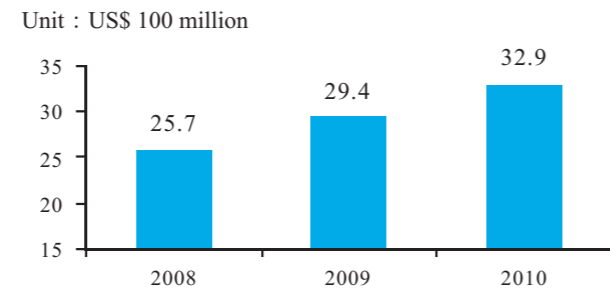
### Foreign Trade Volume in Wuhan Soared in 2010



### Growing Amount of Foreign Capital Actually Utilized

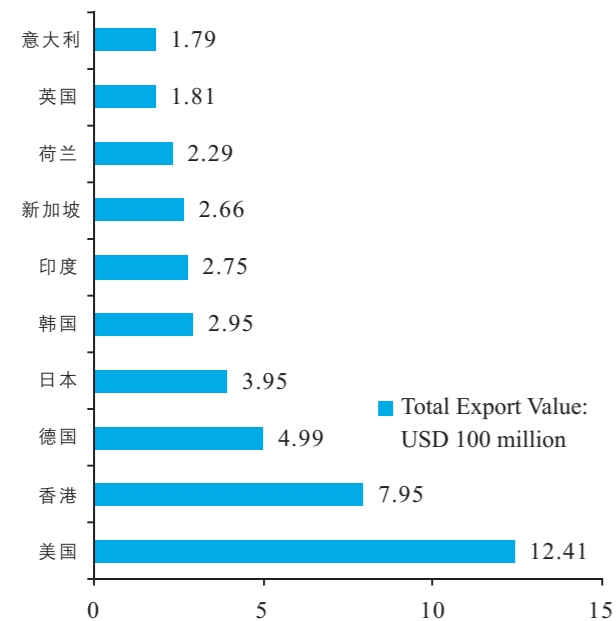
In 2010, Wuhan deployed USD 3.29 billion in foreign capital, an increase of 12.2% over the preceding year. Sixty-two ventures reported an average foreign investment of USD 10 million. There were 5,834 joint ventures approved in Wuhan, an increase of 150 over 2009.

### Amount of Foreign Capital Actually Utilized in Wuhan Continuously Increased from 2008 to 2010

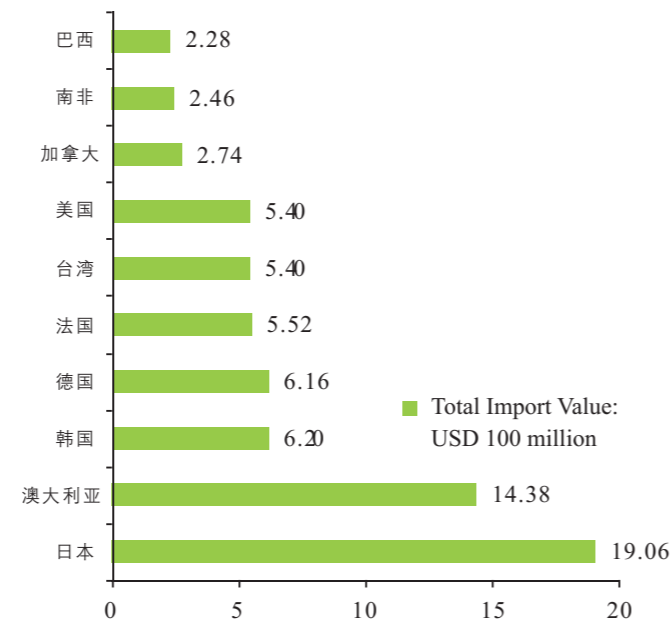


Foreign-invested enterprises currently contribute 20% of the total tax revenue of the city. Because of the influx of foreign capital, Wuhan is witnessing a dramatic advancement in its social and economic development, in addition to adjustment of industrial structures, all contributing to an improvement of the city's image.

### Wuhan's Exports to Countries and Regions in 2010



### Wuhan's Imports from Countries and Regions in 2010



Data Source:  
Website of Wuhan Customs

## 3.4 Integration with International Markets

### International Music Festival

In 2008, the French Consulate General in Wuhan sponsored its first annual international music festival in Hankoujiangtan, where dozens of bands and orchestras from China and other countries played different styles of music conveying messages of love and peace.

France has sponsored an annual music festival in Wuhan since 1982, and in recent years, French expatriates in other areas have hosted their own music festivals on the same date. Wuhan is the only city in China where this latter tradition has been adopted, resulting in a rich cultural exchange.

### “Germany and China Hand-in-Hand” Program

The “Germany and China Hand-in-Hand” program was launched in 2009, featuring a three-year series of cooperative cultural, economic and educational exchanges between the two countries, with the former German President Haust Horst Koehler and Chairman Hu Jintao of China acting as cohosts of the program.



### Singapore Center

The Singapore Center, which opened on 29 November 2010, arose out of a partnership between the Singapore International Enterprise Development Agency and the Singapore Economic Development Agency. The center aims at identifying favorable trading and business opportunities for Singapore-based companies in Central China, and acts as a liaison between enterprises established in the region and their Singaporean counterparts. The Singapore Center provides an effective platform for mutual exchange and assists Chinese companies to learn about investment opportunities and potential business partners in Singapore.

Data Source:  
Website of Wuhan Government Affairs

Domestic and International Events Held in Wuhan	
Time	Event
2007	Some events of FIFA Women's World Cup
2007	Sixth National City Games
2007	Eighth China Arts Festival
2008	Third Central China Trade Exposition
Every September	China International Machinery & Electronic Products Exposition
Every December	China Food Exposition and Trade Fair
Every 2 Years	China Wuhan International Acrobatics Festival
Every 2 Years	International Advisory Council Meeting for People's Municipal Government of Wuhan City
Annual	China Wuhan International Horse Racing Festival
Annual	Optics Valley of China International Opto-electronic Exposition and Forum
Annual	Conference on Overseas Chinese Pioneering and Developing in China
Annual	China Service Outsourcing Development and Cooperation (Wuhan) International Forum



## Human Resources



## 4.1 Human Resources – Introduction

High quality human resources are one of the key factors for the success of enterprise. Excellent talent can motivate an enterprise to pursue innovation and development, thus enhancing revenue and successfully conducting business.

Wuhan boasts a rich pool of talent, strong scientific education institutions and competitive labor costs for research and development. The combination of these factors has served as a catalyst to propel multinationals to the city.



There are 78 institutions of higher education in Wuhan, yielding many excellent graduates each year. At the same time, Wuhan is known for its competitive labor costs, as the local remuneration level remains relatively low.

— Siemens Ltd. China, Wuhan Branch

## 4.2 Talent Supply

As one of the key national bases for science and education, Wuhan ranks top among the major cities in China in terms of the number of key institutions of higher education and scientific research and the number of undergraduate and postgraduate students who are drawn to the city each year. All these enrich Wuhan with a steady stream of talent and an abundant, high-quality talent pool.

### Abundant Talent Pool

In 2010, there were 22,010 postgraduates and 221,228 undergraduates leaving campuses in Wuhan, providing an abundant supply of talent.<sup>①</sup>

Wuhan was also reported to have 1.045 million registered college students on campus, which can be converted into a ratio of 1.37 college students on campus out of every 10 people living in the city. At this ratio, Wuhan ranks top among the four municipalities<sup>②</sup> and 15 sub-provincial cities in China.<sup>③</sup>

### Science and Education Strength

As one of the national key bases of science and education, Wuhan ranks No. 3 among the major cities in China in terms of the comprehensive science and education strength.<sup>④</sup>

Wuhan boasts 78 institutions of higher education, including seven universities named in the *State's "211 Project."*

### Renowned Universities

Both Wuhan University and Huazhong University of Science and Technology are listed among the first class of universities nationwide participating in the "985 Project."

Wuhan University and Huazhong University of Science and Technology rank No. 7 and No. 11 among the top 100 Chinese universities, according to the *Study Report on the Evaluation of Chinese Universities 2010*.

### List of "211 Project" Universities in Wuhan

- Wuhan University
- Huazhong University of Science and Technology
- Wuhan University of Technology
- Central China Normal University
- Huazhong Agricultural University
- Zhongnan University of Economics and Law
- China University of Geosciences

Number of Graduates from Universities and Colleges in Wuhan (Unit: thousand)



Data Source: Wuhan Statistical Yearbook 2006-2010



Data Source:

① Wuhan Educational Bureau

② Four municipalities: Beijing, Shanghai, Tianjin and Chongqing

③ 15 sub-provincial cities: Harbin, Changchun, Shenyang, Dalian, Jinan, Qingdao, Nanjing, Hangzhou, Ningbo, Xiamen, Guangzhou, Shenzhen, Chengdu and Xi'an

④ Website of Wuhan People's Government

⑤ The "211 Project" is an educational project of the Chinese government to attach importance to the construction of about 100 institutions of higher education to approach or attain the level of the world's first-class universities in the 21st century; the "985 Project" is an educational project of the Chinese government to prioritize and promote select institutions of higher education that are endeavoring to achieve status as world-class research institutes, with international reputations and recognition as such.

⑥ cuaa.net and 21st Century Talent Report

## 4.3 Scientific Research Capabilities

In 2010, Wuhan was approved as the "State's Pilot City for Innovation." As the Optic Valley of China, Wuhan is the second largest intellectual cluster in the country and it enjoys a leading position in technology development capabilities in the fields of optical communications, bioengineering, lasers, microelectronic technology and new materials.

### Scientific Research Institutions

By the end of 2010, Wuhan hosted 101 scientific and technological research institutes, including the Wuhan Branch of the Chinese Academy of Sciences, as well as its seven subordinate institutes, the Yangtze River Scientific Research Institute and the Wuhan Research Institute of Post and Telecommunications.<sup>①</sup>

### Scientific Research Investment

In 2010, Wuhan was reported to have implemented 1,450 state-level scientific and technological projects and 665 municipal-level scientific and technological projects.<sup>②</sup>

Wuhan has been continuing to make significant investments in scientific research. The ratio of R&D expenditure to local GDP increases year by year.

### Scientific Expertise

By the end of 2010, the number of scientific and technical personnel in Wuhan had reached 80,000.<sup>③</sup>

By the end of 2009, the number of academics of the Chinese Academy of Sciences and Chinese Academy of Engineering in Wuhan had reached 57.<sup>④</sup>

### Scientific Research Achievements

The table at the right shows the scientific and technological achievements and patents attained by Wuhan in 2010. The contract value realized in Wuhan's technology market hit CNY 8.89 billion, exceeding the 2009 value by 20.0%.<sup>⑤</sup>

Data Source:

① Wuhan Statistical Bulletin 2010

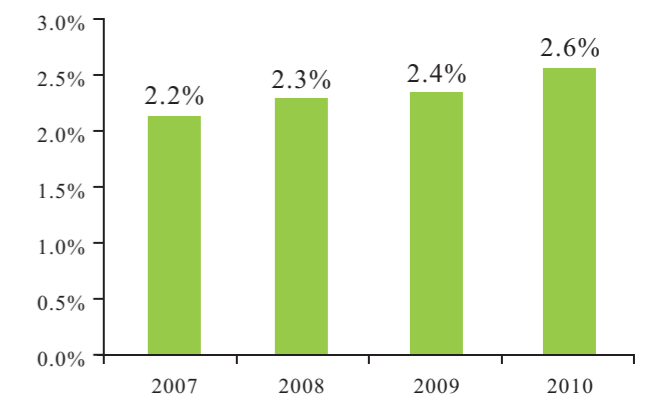
② Scientific and technical personnel are individuals engaged directly in scientific and technological activities or in the management of such activities or individuals that provide direct services to such activities.

③ Wuhan Statistical Bulletins 2007-2010

④ Website of Wuhan Science and Technology Bureau



Ratio of R&D expenditure to local GDP (%)<sup>⑥</sup>



### Scientific & Technological Achievements and Patents Attained by Wuhan in 2010<sup>①</sup>

Award-winning Scientific & Technological Achievement		Patent Application	Patents	
			Invention Patent	Other Patent
State-Level	Other	15,045	1,731	8,434
28	348			

## 4.4 Human Resource Costs

Costs related to human resources -- primarily wage and various social insurance premiums -- has gradually become one of the key costs borne by enterprises.

### Wage Costs<sup>①</sup>

In 2010, the average annual wage of an urban worker in Wuhan was CNY 39,303, which was remarkably competitive compared with that of other China's major cities.



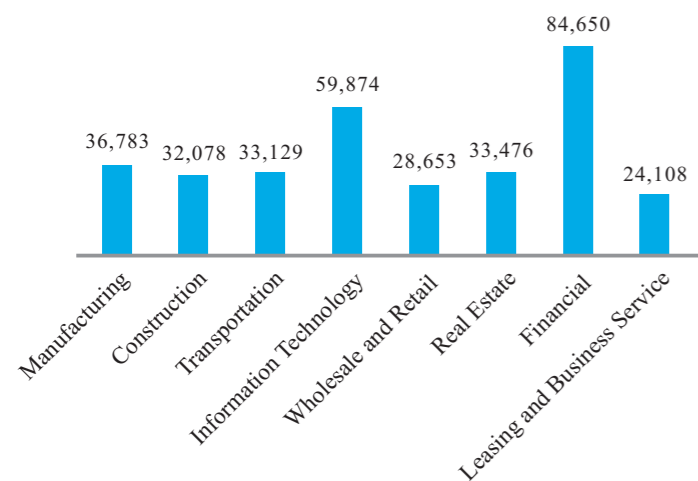
### Social Insurance Costs

The social insurance premiums borne by enterprises in Wuhan is also competitive, compared to those of China's other top cities (see table for specific ratios).

Ratios of Social Insurance Premiums Borne by Enterprises in Wuhan in 2010<sup>②</sup>

Wuhan	Total Ratio of Social Insurance Premiums Borne by Enterprises	Breakdown of Social Insurance Premiums Borne by Local Enterprises	
	37.7%–38.2%	Pension insurance	20%
	Unemployment insurance	0.5–1%	
	Medical insurance	8%	
	Work-related injury insurance	0.5%	
	Maternity insurance	0.7%	
	Housing reserve fund	8%	

Industry Guiding Wages of Wuhan in 2009 (CNY/year)

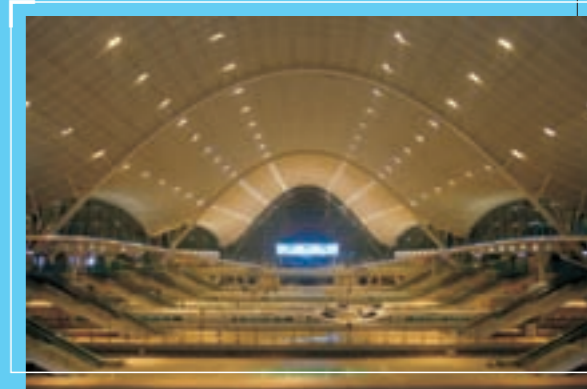


Data Source:

① Wuhan Statistical Bureau

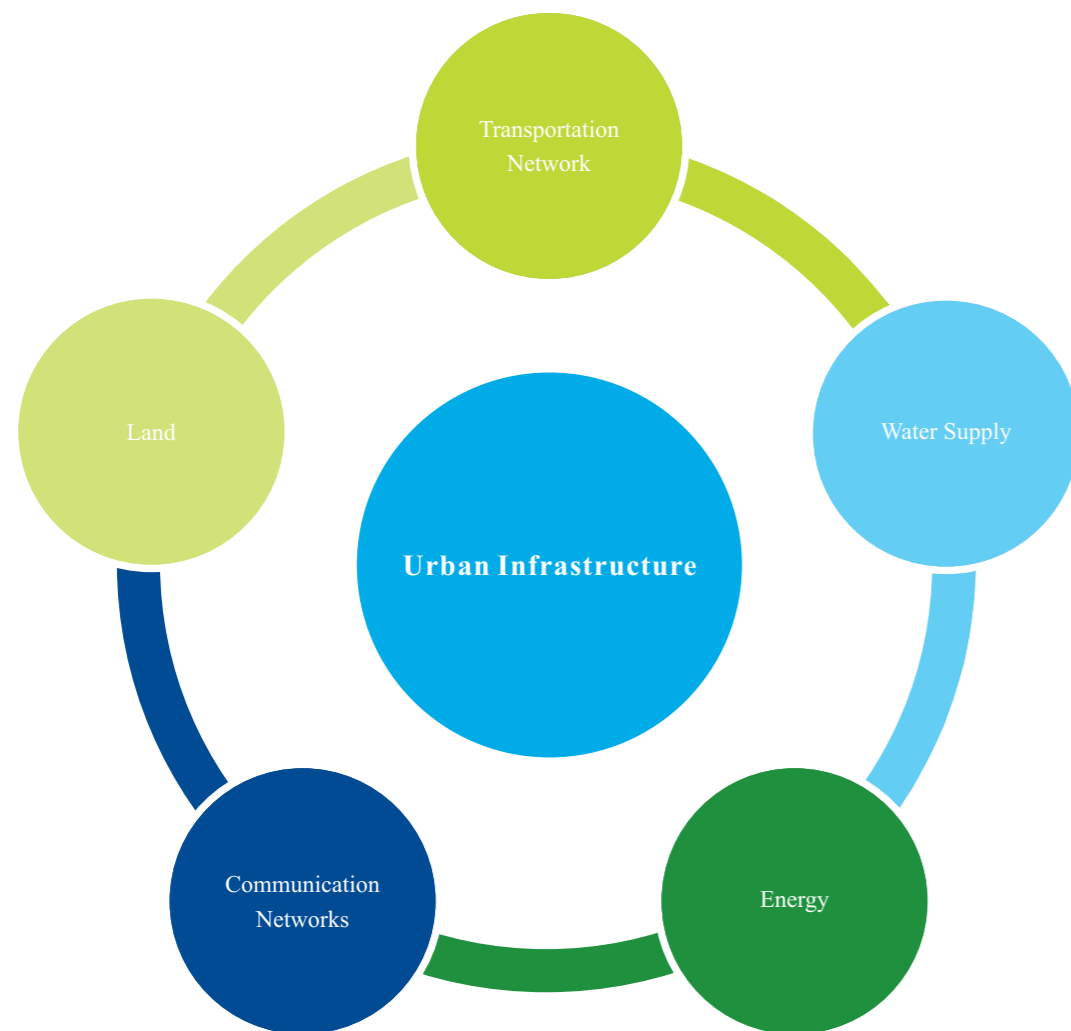
② Wuhan Human Resource and Social Security Service Network

## Infrastructure



## 5.1 Infrastructure – Introduction

Infrastructure and its associated operating costs are one of the primary considerations in selecting a venue for investment. Operating costs include fixed costs such as land and factory rent, which must be considered at the early stage of enterprise establishment, as well as variable costs, such as transportation, water and utilities that are required for the day-to-day operations of a business.



## 5.2 Transportation Network

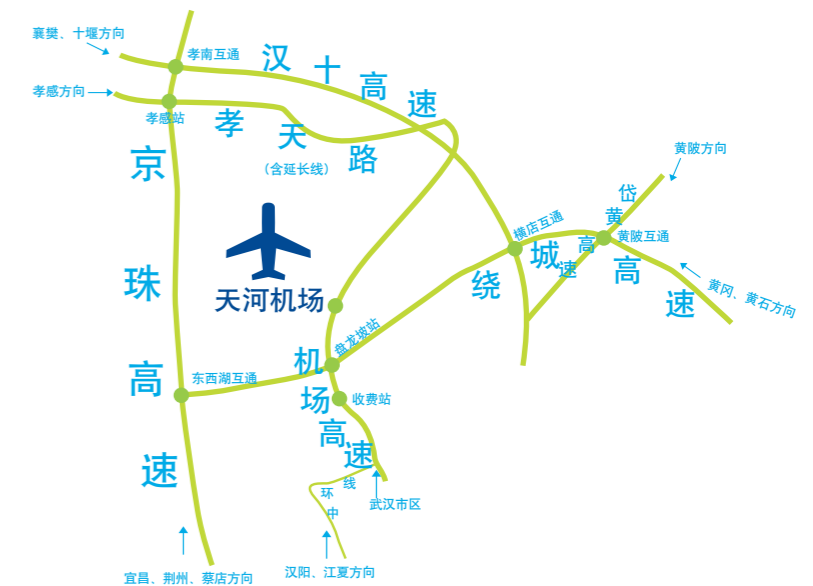
### Wuhan Tianhe International Airport

Wuhan is geographically located at the center of the central and eastern airline networks in China, linking flights from all four directions.

Wuhan Tianhe International Airport is the only integrated hub airport and the largest aircraft maintenance base in central China, as designated by Civil Aviation Administration of China. It is also the largest international airport in the region and one of the key domestic arterial airports.

In 2009, Tianhe Airport was reported to have attained passenger volume of 11.305 million, ranking No. 12 in the country. By the end of that year, the airport was a terminus for more than 160 international and domestic flights, with direct flights to over 60 large-and-medium-sized cities in China and abroad. There are 20 airlines, including four base airlines, operating at the airport. With an average of 310 departures and arrivals daily, the airport is recognized as the key air transportation hub in Central China.

In March 2010, the National Development and Reform Commission officially approved the project of the construction of Terminal 3. The project aims to meet an annual passenger volume of 38 million and cargo and post volume of 440,000 tons by 2020.



Beijing	Shanghai	Guangzhou	Chengdu	Xiamen	Kunming	Chongqing
110 Min.	90 Min.	90 Min.	100 Min.	80 Min.	130 Min.	90 Min.

Data Source:  
Website of Wuhan Tianhe Airport

## 5.2 Transportation Network

### High Speed Railway

Wuhan has become one of the four key railway hubs in China. The city has entered the “High Speed Rail Era, with the completion of the Wuhan Railway Station, the high speed rail hub station and the launch of the Wuhan-Guangzhou high speed rail service. Trains on the route are estimated to achieve a speed of about 350 kilometers/hour.



Distances from Wuhan to other Major Cities in China by Rail

Zhengzhou (Beijing-Guangzhou High Speed Rail - under construction)	536 km
Hefei (Shanghai-Wuhan-Chengdu High Speed Rail - under construction)	364 km
Changsha (Wuhan-Guangzhou High Speed Rail - in operation)	362 km
Xi'An (Wuhan-Xi'An Passenger Line - planned)	1,047 km
Chongqing (Shanghai-Wuhan-Chengdu High Speed Rail - under construction)	1,237 km
Shanghai (Wuhan-Shanghai High Speed Rail - under construction)	820 km
Guangzhou (Wuhan-Guangzhou High Speed Rail - in operation)	1,069 km
Beijing (Beijing-Guangzhou High Speed Rail - under construction)	1,225 km

Data Source:  
China Railway Customer Service Center

### Expressways

Relying on such arterial lines as the national highways No. 106, 107, 316 and 318, as well as the Beijing-Zhuhai Expressway and Shanghai-Chengdu Expressway, Wuhan has developed a complete highway transportation network stretching in all directions.

### Average Time to Drive from Wuhan to Other Major Cities in China by Highway (in hours):

Shanghai	Nanjing	Beijing	Zhengzhou	Changsha	Guangzhou
11	7	11	7	4.5	11

Data Source:  
Brief Introduction about Wuhan Economic and Technological Development Zone

### Port of Wuhan

Situated in the midstream of the Yangtze River, the Port of Wuhan is a key intermodal port for joint waterway-railway transportation as designated by the Ministry of Transportation. The Port of Wuhan plays a significant role in meeting the state strategy, the “Rise of Central China,” the construction of a “golden waterway” and the Wuhan Shipping Center.

The port has a maximum berthing capacity of 5,000 tons, single mooring capacity of 700,000 tons, maximum elevating capacity of 50 tons, container throughput of 500,000 TEU and cargo throughput of 30 million tons.

## 5.3 Urban Mobility

### Accelerate Reform of Ring-Road Traffic Systems

Wuhan is making efforts to build a complete roadway network by carrying out a grand civil construction project known as “Ensure Smooth Traffic on Ring I; Complete Ring II; Upgrade Ring III and Construct Ring IV,” while expediting the construction of express lanes and major/minor arterial roads, and improving the microcirculatory road network.

By 2015, it is expected to take less than 30 minutes on average to cover the distance between any two points located within the Ring II area.<sup>①</sup>



### Construction of Metro Transit System

The construction of a Metro Transit System in Wuhan has been proceeding at a quicker pace. Metro Line I was put into operation by the end of 2010; construction of Line II (Phase I) and Line IV (Phase I) are moving at a quicker pace, with actual construction commencing earlier than scheduled on Line IV (Phase II) and Lines III, VI and VIII.<sup>②</sup>

By 2015, Wuhan will have a metro network that covers the three counties of Wuhan and links urban and rural areas, with the distance of metro transit lines available in the city estimated at 140 kilometers. The suburban and rural areas will be connected to the downtown area by metro transit.<sup>①</sup>



Data Sources:  
① Outline of the 12th Five-Year-Plan for the National Economy and Social Development of Wuhan  
② Government Work Report 2011

## 5.4 Land Supply and Prices

### Term of Assigned Land Use Rights

Enterprises in China are not permitted to own any land ownership rights. Instead, an enterprise pays the local government for land use rights for a fixed term. The terms of various assigned land use rights are as follows:

- Residential land 70 years
- Industrial land 50 years
- Commercial land 40 years
- Land for multiple use development 50 years



### Industrial Factories

An investor may either delegate a contractor to build a factory according to specified requirements or it can purchase or lease an existing factory from another party.

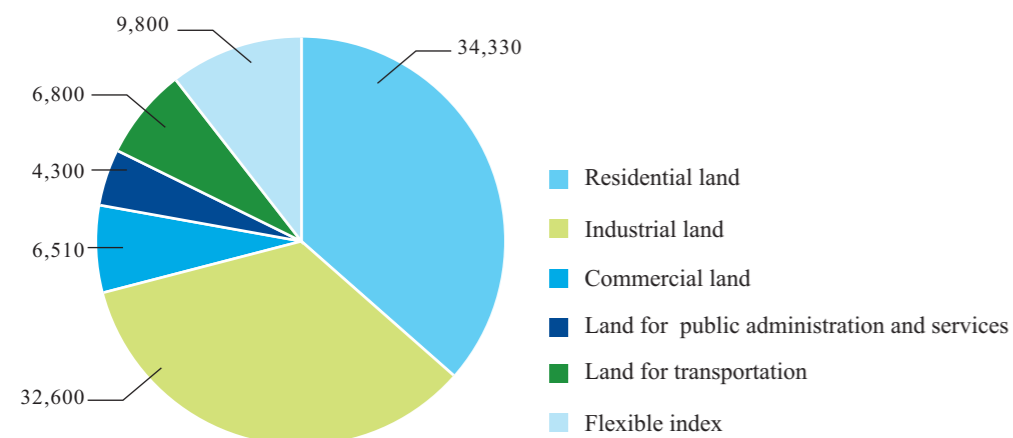
### Land Transaction Prices

The collective land transaction prices in Wuhan in 2011 are as shown in the following table:

Collective Land Transaction Prices in Wuhan in January 2011 (CNY/sq meter)			
Residential land	Industrial land	Commercial land	Commercial and residential land
6,351	810.6	832.5	1,095

Data Source: Website of Price Control Administration of Wuhan Municipality

### Wuhan Land Supply plan 2011 (mu)



Data Source: Ministry of Land and Resources

## 5.5 Water Supply/Energy

### Water Supply

By the end of 2010, there were 21 waterworks in Wuhan with a water supplying capacity of 4.285 million tons per day. The actual average daily volume of the water supply was 2.7 million tons year-round.<sup>①</sup>

The concentrated sewage treatment rate in Wuhan was 92.0%, the attainment rate of industrial wastewater discharge 99.2% and the compliance rate of quality drinking water sources 100%.<sup>①</sup>

The table at right shows Wuhan's tap water prices in 2010.

### Power Supply

Located in the heart of the Central China grid, the Wuhan grid is a key component of the overall grid. The power supply volume available to Wuhan is expected to rise with the generating units being gradually put into operation at the Three Gorges Power Station.

Improved safety and reliability of the power supply will result from the construction on such projects as Jinmen-Wuhan 1,000kV high-voltage power transmission and transformation, the 500kV double-ring network and the 500kV transformer station in the loading center, together with new, rebuilt and expanding operations of the corresponding 110kV power distribution and power supply networks below 10 kilovolts.

The power supply in Wuhan is expected to continue to improve with the progress on construction on the Yangluo Coal Reserve Base, Yangluo Power Plant (Phase IV), the Qingshan Combined Heat and Power Plant, and the expansion of the combustion machines at the Guanshan Combined Heat and Power Plant.<sup>②</sup>

### Gas Supply

The natural gas supply in Wuhan is expected to improve with the construction on Wuhan's outer ring high pressure natural gas pipelines and the Wuhan Section of PetroChina's second West-East natural gas transmission line.

The total volume of the natural gas supply in Wuhan in 2010 was 650 million cubic meters, an annual increase of 14.6%. The gas coverage rate in the urban area was 96%, an annual increase of 0.8%.<sup>①</sup>

The table at right shows Wuhan's natural gas

### Wuhan's Water Prices from May 2006-December 2010 (CNY/cubic meter)

Item	Administration	Industrial	Business & Service	Special Industries
Water Price	1.5	1.65	2.35	4.8
Sewage Treatment Fee	0.8	0.8	0.8	0.8
Settlement Price	2.3	2.45	3.15	5.6

Data Source: Website of the Municipal Water Administration of Wuhan

### Wuhan's Natural Gas Prices in 2011 (CNY/cubic meter)

Civil	Industrial	Commercial & Other	Power Generation	High Pressure Gas Transmission & Distribution	Condensed Natural Gas Primary Filling Station
2.5	3	3.7	2.2	1.9 (Industrial Use Excl.)	2.5
				2.3 (Industrial Use)	

Data Source: Website of Price Control Administration of Wuhan Municipality

Data Source:

① Wuhan Statistical Bulletin 2010

② Outline of the 12th Five-Year-Plan for the National Economy and Social Development of Wuhan

## 5.6 Communications Network

### Digital Wuhan

Wuhan continues to promote full coverage information networks, such as communications networks, internet connectivity and digital TV networks, while upgrading existing services.<sup>①</sup>

### Optics City Plan

Wuhan will accelerate the deployment of broadband networks, promote optical fiber connections in households, expand broadband network coverage in both suburban and rural areas, and further increase the wireless network coverage.<sup>②</sup>

Optical fiber coverage will reach the scheduled 1.2 million households in Wuhan in 2011.



## Standard of Living



**Wuhan's Communications Network in 2009**

Number of fixed-line telephone users (10,000 households)	339
Number of public telephones (10,000 households)	54
Number of mobile phone users (10,000 households)	1,037
Local exchange capacity (10,000 gates)	279
Mobile exchange capacity (10,000 gates)	1,717
Local telephone exchange capacity (10,000 gates)	2,080
Coverage rate of fixed-line telephones (Set/100 persons)	40.4
Coverage rate of cell phones (Set/100 persons)	123.7

Data Source:  
Statistical Bulletin of the National Economy and Social Development of Wuhan 2010

Data Source:  
① Outline of the 12th Five-Year-Plan for the National Economy and Social Development of Wuhan

## 6.1 Standard of Living – Introduction

Wuhan, known as the “city with hundreds of lakes,” is surrounded by nearly 200 lakes, and Donghu, or the East Lake, is the largest city lake in China. Wuhan is also China’s Famous Historic & Cultural City and China’s Excellent Tourism City. Many famous scenic spots, including Huanghelou (Yellow Crane Tower), the Guiyuan Buddhist Temple, Wuhan Yangtze River Bridge, The city boasts, Honglou (Red Building), the Gate to Asian Democracy and Jiangnan Road, to name a few.

Wuhan residents are proud of their well-developed medical and educational facilities, as there are a number of domestically renowned first-class hospitals and institutions of higher education in the city.



Honors:

- China’s Excellent Tourism City
- China’s Famous Historic & Cultural City
- National Forest City
- National Garden City

Wuhan is, in general, quite a nice place to live. Life is soothingly easy here, as you feel less pressure and you enjoy life at a lower cost. It’s pretty attractive to job seekers among the younger generation.

—McQuay Air Conditioning Refrigeration (Wuhan) Co., Ltd.

## 6.2 Healthcare

### Hospitals

There are more than 20 Grade III-A (top level) hospitals in Wuhan, including such domestically renowned first-class hospitals as the Tongji Hospital, the Union Hospital, the Renmin Hospital of Wuhan University and the Wuhan General Hospital of Guangzhou Military.

### 15-Minute Community Healthcare Circle<sup>①</sup>

The 12th Five-Year Plan clearly states that Wuhan will further improve the community healthcare service system, set up the “15-minute community healthcare circle” and gradually build up the “family doctor system” which will cover all residents.

### Well-Developed Medical and Health Facilities

2,712	Medical and health institutions in Wuhan by the end of 2010
236	Hospitals and health centers
125	Community health service centers
22	Health and epidemic prevention institutions
15	Maternity and child health hospitals/stations/centers
40,218	Hospital beds



Data Source: Statistical Bulletin of the National Economy and Social Development of Wuhan 2010



Data Source:

① Outline of the 12th Five-Year-Plan for the National Economy and Social Development of Wuhan



## 6.3 Educational Facilities

### Well-Developed Educational Facilities

Wuhan offers superior educational facilities. By the end of 2010, there were 785 kindergartens, 639 primary schools, 395 middle schools and 126 secondary vocational and technical schools in Wuhan.<sup>①</sup>

Wuhan is committed to educational improvement benefiting the children of employees of companies located in Wuhan.



### Schooling Environment for Foreigners

The Wuhan Maple Leaf International School and the Yangtze River International School provide high-level education of the children of expatriates.

The Wuhan Yangtze River International School is an independent and jointly organized international school, delivering English language curricula to the children of foreigners, from primary school to high school.



Data Source:  
Statistical Bulletin of the National Economy and Social Development of Wuhan 2010

## 6.4 Natural Environment

### Liveable Wuhan

Since ancient times, Wuhan has been renowned for beautiful scenery that includes encircling woods and flowing water. Wuhan's ecological advantages are made up of the forest, the Yangtze and Hanshui rivers and many lakes.

By the end of 2010, there were 5,773.1 hectares, or 9.2 square meters per capita, of park green area in Wuhan. The green coverage rate in built-up areas hit 37.5%, while the forest coverage rate was 26.6%.<sup>②</sup>

Wuhan is a typical landscape garden city. The three sections of Wuhan feature over 100 hills of various sizes and nearly 200 lakes, and the water area accounts for nearly 1/4 of the city's total area, the highest among China's largest cities.<sup>②</sup>



Data Source:  
① Wuhan Statistical Yearbook 2010  
② Website of the Wuhan Municipal Government

## 6.5 Scenic Sites

### East Lake Ecological Tourism Area



As the largest lake-in-a-city in China and a state-listed ecological tourist scenic area, the East Lake is renowned for its uniquely beautiful and varied scenery. East Lake occupies an area of 33 sq km and is divided into five major scenic areas, four of which (Ting Tao, Mo Hill, Chuidi and Luo Yan) comprise over 100 scenic spots and attractions, and are open to the public.

The East Lake Plum Park, located by the lake, is ranked first among the four major plum parks in Southern China. The Plum Park occupies an area of approximately 200 acres, on which a total 309 different kinds of blossoming plums grow. Of the 262 varieties of plums in China, 152 varieties are found in East Lake Plum Park.

The 25 acre East Lake Sakura Park holds a total of 5,000 blossoming sakuras, and is ranked together with Hirosaki, Japan and Washington DC, in the U.S. as one of the top three destinations in the world for viewing cherry blossoms.<sup>①</sup>



Data Source:  
① Administrative Committee of East Lake Scenic Area

## 6.6 Cultural Heritage

Wuhan boasts many historical sites and cultural treasures, such as the Yellow Crane Tower (honored as the first tower under heaven); the Red Building (known as the gate to the Asian democracy); Qingchuange; Guqintai; Guiyuan Buddhist Temple; and the Wuhan Yangtze River Bridge (recognized as the Number 1 bridge across the Yangtze River), to name a few.

### Yellow Crane Tower

Wuhan's trademark site and a mandatory tourist destination, the Yellow Crane Tower stands atop Snake Hill overlooking the turbulent and vast Yangtze River. Lying against downtown Wuchang, the Yellow Crane Tower finds her elegantly charming companion, Qingchuange, on the other side of the river. Panoramic views of Wuhan and the Yangtze River are possible from the top of the tower.

The combination of natural hills and waters and abundant cultural relics have made the Yellow Crane Tower a source of inspiration for countless poets and writers. It is therefore not surprising that the tower has been acclaimed as the most "unique scenic spot on earth" and "the first tower under heaven."<sup>①</sup>

### Guqintai

Also known as Boyatai, Guqintai was so named by the story about how Yu Boya and Zhong Ziqi, both figures in the Spring-and-Autumn and Warring States period more than 2,000 years ago, developed a close friendship. Known for its beautiful scenery as a downtown destination, Guqintai is located on the west side of Turtle Mountain and is adjacent to Moon Lake on the north.



Data Source:  
① Website of Wuhan Government Affairs

# Summary

## Report Summary

This summary highlights the three principal features that emerge from the analysis in the Report as best characterizing the investment environment in Wuhan City:

- Unique geographical advantages
- Solid manufacturing base
- Abundant talent pool and leading scientific research institutions

Located in the heart of China, Wuhan is the capital of Hubei Province. The 11th Five-Year Planning Period saw the city rise to prominence as a comprehensive national transportation hub with the construction of key infrastructure projects, such as the railway hub, Wuhan Newport, the aviation hub and the expressway network. Wuhan boasts a solid manufacturing base that encompasses the automobile, electronic data, iron and steel, equipment manufacturing, and energy and environmental protection sectors among others. The local high and new technology industries are developing rapidly; specifically, local optical fiber and optical cable production is ranked number one in the world by production volume, and the brand share of “The Optics Valley of China” at Wuhan East Lake Hi-Tech Development Zone appears to be growing steadily. Modern service industries such as trade fairs and exhibitions, modern logistics, and financial services are also experiencing boom growth. Wuhan’s strength in both the advanced manufacturing industry and modern service industry areas enhances its capacity for nurturing independent innovation, and at the same time allows its emerging industries to develop at an ever accelerating pace. Already one of the leading centers of education and scientific research in China, the successful launch of the “3551 Talent Project” in Wuhan East Lake Hi-Tech Development Zone and the “Yellow Crane Talent Project” are building Wuhan’s reputation as “Talent City.”

During the 12th Five-Year Plan period, subject to the State’s overall development strategies, Wuhan will accelerate its transformation of the patterns of economic development, relying on scientific progress and innovation. A concerted effort will be made to transition the city into a world-class advanced manufacturing center, a modern service center, a comprehensive national hi-tech industrial base and a comprehensive national transportation hub. Wuhan should continue to push forward with urban planning and construction and the integrated construction of Central China, while at the same time ensuring that a sustainable environmental policy is followed and implemented, thus solidifying and enhancing the position of the most strategic city in Central China.

The Report of Assessment of Wuhan’s Investment Environment for 2010 (“this Report”) has been prepared by Wuhan Bureau of Commerce. The information contained in this Report is of a general nature only and is not meant to serve as a basis for decision making. Changes in circumstances over time may affect the contents of this Report. No readers should act or make any decisions based upon this Report without seeking appropriate professional advice regarding their particular circumstances. Deloitte Touche Tohmatsu CPA Ltd. (“DTTC”) shall have no duty of care to any reader. All duties and liabilities (including without limitation, those arising from negligence or otherwise) to any reader are specifically disclaimed. The materials contained in this Report were assembled on April 2011 and were based on the information available at that time. All photographs contained in this Report are authorised for use by Wuhan Bureau of Commerce or sourced from the DTTC photo gallery.

## The Driving Force of Development

During the 12th Five-Year Plan period, China will accelerate the transformation of the pattern of economic development, promote domestic demand and coordinate regional development. Wuhan is clearly targeted as “a strategic city in Central China” under the national development strategies, which means that the future development of Wuhan will be supported and propelled by the national government. The Wuhan city cluster has been approved as a comprehensive supplementary reform pilot area for a “resource-conscious and environmentally friendly” society in China; the Wuhan Comprehensive Bonded Zone is awaiting approval; and the Wuhan East Lake Hi-Tech Development Zone has been approved by the State Council as the second State-Level independent innovation model area. Elevated to the level of a comprehensive State-level high technology industrial base, Wuhan has assumed an important mission to contribute to the “Rise of Central China” strategy, which offers enormous potential for the future development of the city.

## Perspectives

Along with the vast possibilities and opportunities, Wuhan faces new challenges. The city is constrained by limited resources available for economic and social development, soaring production costs and increased pressures arising from the rapid economic transformation, to name a few, while the vitality fostered by local innovation is yet to be enhanced. To tackle the challenges and take full advantage of the opportunities, Wuhan has set out to strengthen governmental functions for delivering services and to embark on experimental reforms to further optimize industrial structures, bolster independent innovation capabilities and improve the resource environment .

Wuhan will continue to enhance its integration with the international community, foster a green and healthy living environment and attract high level local and foreign talent with the ultimate goal of developing a winning solution for job seekers, entrepreneurs, enterprises and society

# Appendices

- 1、 Brief Introduction to State-Level Development Zones in Wuhan
- 2、 Procedures for Establishment of a Foreign Investment Enterprise (“FIE”)
- 3、 Registered Capital and Total Investment of an FIE
- 4、 Major Taxes Applicable to an FIE
- 5、 Government Agencies Serving Foreign Investment
- 6、 Foreign Government Authorities and Commercial Agencies in Wuhan

# Appendix I: Brief Introduction to State-Level Development Zones in Wuhan



To date, two State-level and one multiple provincial-level development zones have been established in Wuhan: the Wuhan East Lake Hi-Tech Development Zone, the Wuhan East Lake Hi-Tech Development Zone and the Wujiashan Taiwan Businessman Investment Zone. The city owes much of its economic vitality to the conspicuous success of the key industries in these zones.

The Wuhan municipal government brings the dominant role of the State-level development zones into full play, and is working to continue to improve and fine tune administrative mechanisms for the liberalization and construction of the zones and ensure that appropriate policies are in place to achieve the full goals and potential of the zones.

## State-Level Development Zones

Name	Grade	Key Industries
Wuhan East Lake Hi-Tech Development Zone	State-Level	<ul style="list-style-type: none"> <li>• Opto-electronic Information</li> <li>• Biopharmaceutical</li> <li>• Alternative Energy &amp; Environmental Protection</li> <li>• Hi-Tech Service</li> <li>• High-End Equipment Manufacturing</li> </ul>
Wuhan Economic and Technological Development Zone	State-Level	<ul style="list-style-type: none"> <li>• Complete Automobile &amp; Auto Parts</li> <li>• Electronic &amp; Electrical Appliance</li> <li>• Alternative Energy &amp; New Material</li> <li>• Food &amp; Beverage</li> <li>• Biopharmaceutical</li> <li>• Printing and packaging</li> </ul>
Wuhan Wujiashan Taiwan Businessman Investment Zone	State-Level	<ul style="list-style-type: none"> <li>• Machinery &amp; Electronics</li> <li>• Food &amp; Beverage</li> <li>• Modern Logistics</li> </ul>

Data Sources:  
 Website of Wuhan East Lake Hi-Tech Development Zone  
 Website of Wuhan Economic and Technological Development Zone  
 Website of Wuhan Wujiashan Taiwan Businessman Investment Zone

# 1.1 Wuhan East Lake Hi-Tech Development Zone

## Geographic Advantage

The Wuhan East Lake Hi-Tech Development Zone is conveniently located in the southeast part of Wuhan and is easily accessible to major transport facilities:

- 10 km to Wuchang Railway Station
- 20 km to Wuhan Railway Station
- 40 km to Tianhe International Airport
- The Beijing-Zhuhai Expressway crosses over Shanghai-Chengdu Expressway at Wuhan East Lake Hi-Tech Development Zone, with multiple national highways available nearby.

## Key Industries

After two decades, the opto-electronic and information industry has assumed a dominant role in the Wuhan East Lake Hi-Tech Development Zone. However, other prominent industries include:

- Biopharmaceuticals
- Alternative energy and environmental protection
- High-end equipment manufacturing
- High-tech services

## Scientific Research Innovation

Relying on strong scientific research capabilities and the availability of R&D funding, the zone aims at attracting and fostering cutting-edge R&D centers and striving to be one of the key R&D bases in China. The Wuhan East Lake Hi-Tech Development Zone offers first-class regional institutions of higher education and well-developed business incubation mechanisms, creating a people-oriented living and entrepreneurial environment:

- 56 national, ministerial and provincial scientific research institutions
- 14 State-level key laboratories
- 1 national opto-electronic lab, the only one in China
- 65 State-level key subjects
- 15 State-level engineering technology research centers
- 5 State-level enterprise technology centers
- 42 institutions of higher education, accounting for 80% of the total number of institutions of higher education in Wuhan
- 55 Academics at the Chinese Academy of Sciences and Chinese Academy of Engineering

Data Source:  
 Investment Promotion Bureau of Wuhan East Lake Hi-Tech Development Zone



Wuhan East Lake Hi-Tech Development Zone		
Time of Establishment	October 1988	
Time of Approval	March 1991	
Total Planning Area	518 square km	
Gross Output Value of Industry Above Designated Size (2010)	CNY 228 billion	
Key Enterprises	Optoelectronic Information Industry	Taiwan Foxconn; Fiberhome Technology; Yangtze Optical Fiber and Cable; Huagong Tech; Nippon Electric; Chutian Laser; Unity Laser
	Biopharmaceutical Industry	Pfizer; Sino Pharm; BGI; WuXi AppTec; Wuhan Kono Biological Pesticides Limited; Binhu Pharmaceutical
	Alternative Energy & Environmental Protection Industry	Greenway Solar; Kaidi Electric Power; Longking Environmental Protection
	Hi-Tech Service Industry	HP; IBM; Augmentum; Baijuncheng Software; Beyondsoft Group iSoftStone
	Hi-End Equipment Manufacturing Industry	Philips; ThyssenKrupp; Alstom; Sumitomo; Shantui

Note: All names of enterprises are arranged in random order.

## 1.2 Wuhan Economic and Technological Development Zone

### Geographic Advantage

The Wuhan Economic and Technological Development Zone (WETDZ) is situated in southwest Wuhan next to the Yangtze River and conveniently located to the city center and major transportation hubs:

- 15 km to downtown and the Wuchang Railway Station
- 30 km to Tianhe International Airport
- Access to a network of highways and expressways (National highways No. 106, 107, 316 and 318, the Beijing-Zhuhai Expressway and Shanghai-Chendgu Expressway)
- Access to the fourth-largest railway transportation hub in China
- Access to Wuhan Harbor, inland China's No. 1 port
- Access to a significant airline hub

### Key Industries

By the end of 2010, the automotive industry, the first with output valued at CNY 100 billion, took shape within the zone.

In the first year of the 12th Five-Year Planning Period, the WETDZ has pledged to promote the following four industries with output valued in the range of CNY 100 billion:

- Automobile assembly and parts
- Electronics and electrical appliances
- Alternative energy and new materials
- Modern services

Driven by the success of the automotive industry, the electronic and electrical appliance industry has evolved into the second pillar industry in the WETDZ as it attained a gross industrial output value of CNY 35.62 billion in 2010. The shift from independent industrial structures in the zone to a more comprehensive industrial cluster is driving well-known enterprises from various countries to make investments in the WETDZ.



Wuhan Economic and Technological Development Zone		
Time of Establishment	May 1991	
Time of Approval	April 1993	
Total Planning Area	202.7 sq km	
Gross Output Value of Industry Above Designated Size in the Development Zone (2010)	CNY 150.84 billion	
Key Enterprises	Automobile & Auto Parts Industry	Dongfeng Auto; SPA; Nissan; Honda; Shenglong Auto
	Electronic & Electrical Appliance Industry	Haier; Midea; Gree; McQuay; Behr
	Biopharmaceutical Industry	TopsunPharmaceutical; HitechBiology; Tongji Modern Medicine
	Food & Beverage Industry	Coca Cola; Dingyi Food
	Paper Making & Packaging Industry	Chenming Paper; Nanyang Printing; Huidian Packaging; SCA Weyerhaeuser Packaging

Note: All names of enterprises are arranged in random order.

The State Council approved the establishment of the export processing zone, the first of its kind in central China, within the WETDZ in April 2000.

Data Source:  
Website of Wuhan Economic and Technological Development Zone

## 1.3 Wuhan Wujiashan Taiwan Businessman Investment Zone

### Geographical Advantage

Approved in 2010, the Wuhan Wujiashan Taiwan Businessman Investment Zone is situated by the Hanjiang River, which runs directly into the Yangtze River, and is surrounded by the districts of Jiang'An, Jiangnan and Qiaokou. The zone's proximity to various railways and road systems makes it convenient for transportation:

- 12 km to downtown
- 7 km to Hankou Railway Station
- 18 km to Wuhan Tianhe International Airport
- 20 km to Qingshan Foreign Trade Wharf
- Hub StationWuhan Railway Container Hub Station

The Wuhan Municipal Party Committee and Government aim to develop this area into the largest concentration of Taiwan-funded enterprises in central China, a model for the full transition to an environmentally sustainable economy and an interactive platform to facilitate a favorable exchange of ideas on the both sides of the Taiwan Strait.

### Strategic Planning

According to the 12th Five-Year Plan, the Wujiashan Taiwan Businessman Investment Zone will be dedicated to the development of the high and new technology industry and high value-added services, but also ensuring the that the zone becomes the largest base in central China for:

- Manufacturing household appliances
- Processing hi-tech electromechanical products
- Manufacturing bio-tech foods
- Import/export logistics and trading

During the 12th Five-Year Plan period, upgrades and further construction will be carried out using high construction standards. The layout of the zone will be arranged to feature "One Core of Exploitation, Two Axles of Extension and Multiple Groups of Concentration" to push forward the new industrialization process of the zone with a view to creating the largest hi-tech electromechanical product processing and bio-tech food manufacturing bases, and the largest import/export logistics and trading center in Wuhan and even in central China. The Wujiashan Taiwan Businessman Investment Zone will achieve a gross industrial output value of CNY 200 billion by 2015 and become the "Third Pole" of the industrial development in Wuhan, boosting the overall regional development of Hankou.

Data Source:  
① A Type B bonded logistics center refers to a center that is under the control of the customs authorities, and operated by a domestic entity, but available to multiple enterprises engaged in the bonded warehousing and logistics business.



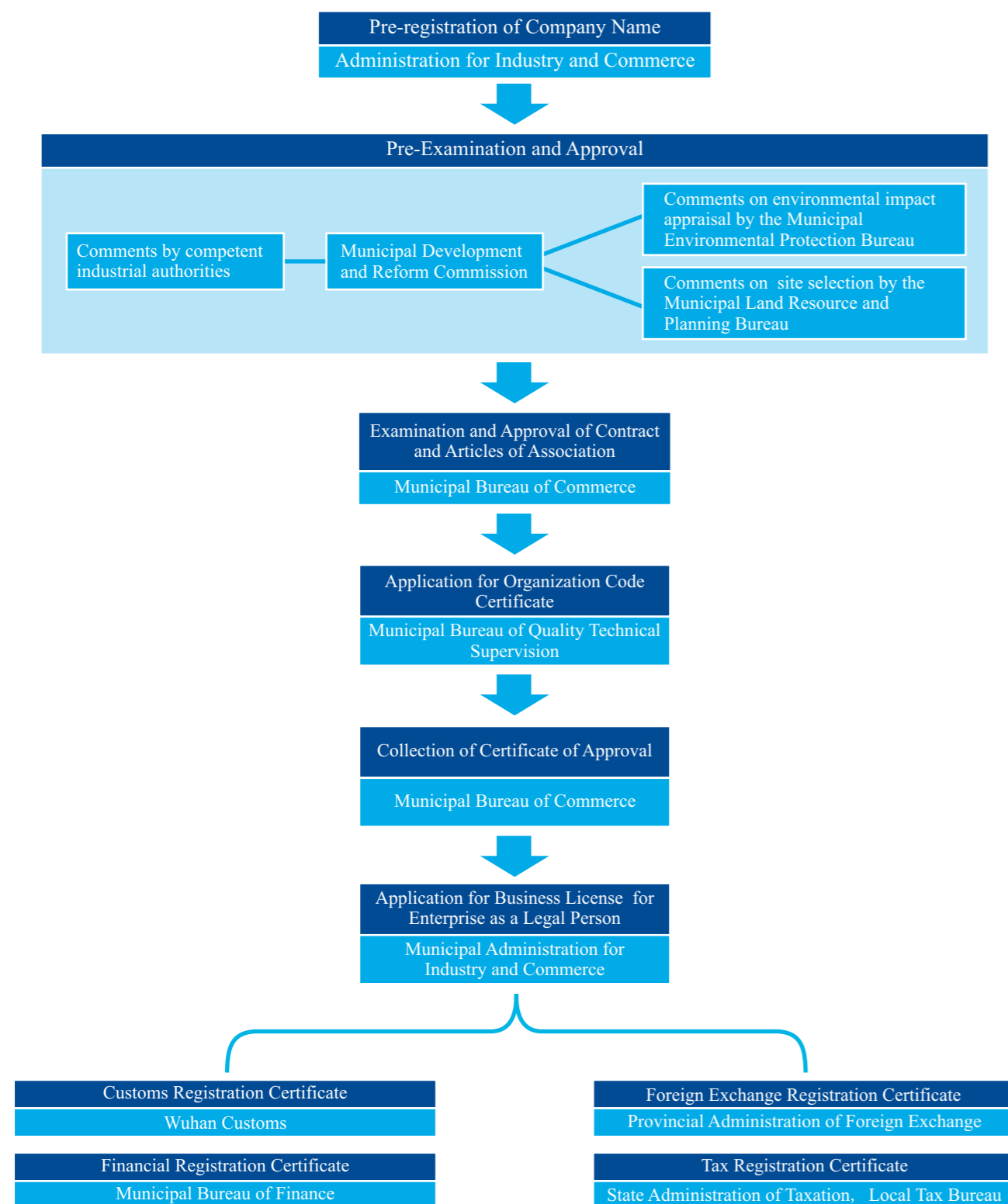
Wuhan Wujiashan Taiwan Businessman Investment Zone		
Created	October 1992	
Approved	November 2010	
Total Planning Area	497 sq km	
Gross Output Value of Industry Above Designated Size in the Development Zone (2010)	CNY 37.5billion	
Key Enterprises	Mechanical Manufacturing	Dongfeng Group; Mehler Electric, Minth Group; Stanley Electric; Tianli Tyre; TLC Air Conditioning and Appliances, Inc.
	Modern Food Manufacturing	China Resources Breweries; President Enterprise (China) ; Mengniu Dairy; Shuanghui
	Modern Logistics	Aviation Port of Tianhe International Airport; Cosco; Fedex; Hongkong Merchants Logistics; UPS; Wuhan Qiaokou Market

Note: All names of enterprises are arranged in random order.

The Wuhan Wujiashan Taiwan Businessman Investment Zone owns:

- The Hubei Wuhan Bonded Logistics Center (Type B), the first bonded logistics center established in central China<sup>①</sup>
- The Wuhan Food Processing Zone, the first food processing zone established in central China.

## Appendix II: Procedures for Establishment of a Foreign Investment Enterprise (“FIE”)



Data Source:  
Website of Wuhan United Service Center of Foreign and Domestic Investment

## Appendix III: Registered Capital and Total Investment of an FIE

### Forms of Capital Contribution<sup>①</sup>

Foreign investors may make contributions to capital by way of freely exchangeable foreign currency or other equivalent amount as converted if and to the extent any machinery, industrial property rights and know-how are involved. Subject to the approval of the competent authorities, foreign investors can make contributions to capital with CNY profits earned in other FIEs they have set up within China.

### Ratio of Registered Capital to Total Investment<sup>②</sup>

Investors wishing to set up FIEs in China must comply with the rules governing the ratio of registered capital to the total investment. Compliance with these rules is also required for any increase in capital by an FIE.



### Time of Capital Contribution<sup>③</sup>

Foreign investors must specify in their contracts or the articles of association of the enterprise the time limit in which to make contributions to the capital of the enterprise. If the contract/articles stipulate that the contribution is to be made in a lump sum, the capital must be fully paid up within six months from the date a business license is issued. If the contract/articles provide that the contribution is to be made by installment, the initial contribution must be at least 15% of the registered capital (and not lower than the minimum level of registered capital as required by law). In that case, the initial contribution must be paid up within three months following the date a business license is issued, with the balance paid up within two years of the date of incorporation of the proposed company. Contributions to the capital of a China Holding Company may be paid up in five years.

Total Investment	Registered Capital
Less than USD 3 million	At least 70% of the total investment
USD 3-10 million	At least 50% of the total investment; if the total investment for a project is less than USD 4.2 million, the registered capital must be at least USD 2.1 million
USD 10-30 million	At least 40% of the total investment; if the total investment for 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; if the total investment for a project is less than USD 36 million, the registered capital must be at least USD 12 million

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

## Appendix IV: Major Taxes Applicable to an FIE

Income Tax	Taxable Scope	Tax Rate
Enterprise Income Tax	A resident enterprise must pay enterprise income tax on income sourced within and outside China. A non-resident enterprise is subject to income tax on its China-sourced income. It is also liable to income tax on income arising outside China that is effectively connected with its establishment or place of business in China.	Statutory Tax Rate: 25% Tax Rate for Small Low-Profit Enterprises: 20% Tax Rate for High and New Technology Enterprises: 15% Withholding Tax: 10%
Individual Income Tax	An individual who is domiciled in China or who is not resident of China but has lived in China for at least one year is subject to individual income tax on his/her worldwide income. An individual that does not have a residence and does not live in China, or that does not have a residence, but has lived in China for less than one full year, is subject to individual income tax on his/her Chinese-source income. Taxable income of an individual is comprised of 11 categories, including salary and compensation for labor.	Statutory Tax Rate: 5%-45%
Turnover Tax	Taxable Scope	Tax Rate
Value Added Tax	Entities and individuals that sell goods or deliver processing or repairing services, or import goods into China, are subject to VAT.	Statutory Tax Rate: 0%, 13%, 17%
Consumption Tax	Entities and individuals that produce, engage other contractors to process, import or sell specified taxable consumer goods are subject to consumption tax, which is calculated either by price or quantity. Taxable consumption goods are comprised of 14 categories, including cigarettes, wine and cosmetics, etc.	Ad valorem rate: 1%-56%
Business Tax	Entities and individuals that provide taxable labor services, transfer intangible assets or real estate are subject to business tax.	Statutory Tax Rate: 3%-20%
Customs Duty	The consignee of imported goods, the consignor of exported goods and the owner of any goods carried into China are subject to customs duty.	Omitted
Other Taxes	Taxable Scope	Tax Rate
Deed Tax	An assignee is required to pay deed tax when title to land is transferred. The tax is levied on the transfer price of the property.	Statutory Tax Rate: 3%-5%
Real Estate Tax	The owner of real estate in an urban area is subject to real estate tax, levied on the taxable value of the property or the rental income.	Statutory Tax Rate (as per the taxable value): 1.2% Statutory Tax Rate (as per the rental income): 12%
Land Value Appreciation Tax	Entities and individual that transfer title to land must pay land value appreciation tax based on the total incremental value of the property at the time of the transfer.	Statutory Tax Rate: 30%-60%
Stamp Duty	Entities and individuals that issue or accept taxable vouchers are required to pay stamp duty on the number of vouchers and the amount specified therein.	Statutory Tax Rate (as per the amount indicated on the voucher): 0.005%-0.1% Stamp duty as per item: CNY 5/item

Data Source:  
State Administration of Taxation as of 30 April 2011

## Appendix V: Government Agencies Serving Foreign Investment

### Wuhan Municipal Development and Reform Commission

Address: No. 188 Yanjiang Avenue, Wuhan (430014)  
Tel: +86 27 8279 6001  
Fax: +86 27 8279 6000

### Wuhan Administration for Industry and Commerce

Address: No. 259 Hong Kong Road, Wuhan (430015)  
Tel: +86 27 8563 3079  
Fax: +86 27 8563 3096

### State Administration of Foreign Exchange Hubei Branch

Address: Finance Tower, No. 69 Zhongnan Road, Wuhan (430071)  
Tel: +86 27 8732 7225

### Wuhan Municipal Office, State Administration of Taxation

Address: No. 909 Jianshe Avenue, Wuhan (430015)  
Tel/Fax: +86 27 8549 2015/  
+86 27 8549 2019

### Wuhan Local Taxation Bureau

Address: No. 106 Ao'men Road, Wuhan (430016)  
Tel/Fax: +86 27 8242 7170

### Wuhan Municipal Statistical Bureau

Address: No. 190 Yanjiang Avenue, Wuhan (430017)  
Tel: +86 27 8282 7129  
Fax: +86 27 8283 2993

### Wuhan United Service Center of Foreign & Domestic Investment

Address: No. 185 Yanjiang Avenue, Wuhan (430013)  
Tel: +86 27 8278 6996/8284 4597

### Wuhan Environmental Protection Bureau

Address: No. 12 Xinhua Road, Wuhan (430015)  
Tel: +86 27 8580 8056/8580 6621  
Fax: +86 27 8580 0956

### Wuhan Bureau of Quality and Technical Supervision

Address: No. 263 Qingnian Road, Wuhan (430015)  
Tel: +86 27 8365 9376

### Wuhan Customs

Address: No. 95 Yanjiang Avenue, Wuhan (430021)  
Tel: +86 27 8276 8114  
Fax: +86 27 8276 8024

### Hubei Entry-Exit Inspection and Quarantine Bureau

Address: No. 588 Qintai Avenue, Wuhan (430050)  
Tel: +86 27 5890 5988  
Fax: +86 27 5890 5999

### Wuhan Land Resources and Planning Bureau

Address: No. 166 Gaoxiong Road, Wuhan (430014)  
Tel: +86 27 8548 2100  
Fax: +86 27 8548 2122

### Wuhan Municipal Public Security Bureau

Address: No. 188 Fazhan Avenue, Wuhan (430023)  
Tel: +86 27 8539 6400  
Fax: +86 27 8539 7759/8539 7755

### Wuhan Municipal Economy & Information Committee

Address: No. 560 Qingnian Road, Wuhan (430022)  
Tel: +86 27 8531 7001  
Fax: +86 27 8531 7000

### Wuhan Bureau of Commerce

Address: No. 27-29 Li Huangpi Road, Wuhan (430017)  
Tel: +86 27 8279 6638/8279 6639  
Fax: +86 27 8279 6728

# Appendix VI: Foreign Government Authorities and Commercial Agencies in Wuhan

## US Consulate General

**Contact:** Diane Sovereign  
**Address:** Floor 47, Tower I, New World International Trade Tower, No. 568 Jianshe Avenue, Wuhan  
**Tel:** +86 27 8555 7791  
**Fax:** +86 27 8555 7761  
**Website:** wuhan.usembassy-china.org.cn

## France Consulate General

**Contact:** Ou Lixing (Economic and Commercial Counsellor, Director of Economic and Commercial Section)  
**Address:** Suite 1708, New World International Trade Tower, No. 568 Jianshe Avenue, Wuhan  
**Tel:** +86 27 6579 7900  
**Website:** www.ubifrance.com/cn

## South Korea Consulate General

**Address:** Floor 4, SPDB Tower, No. 218, Xinhua Road, Jiangnan District, Wuhan, 430022  
**Tel:** +86 27 8556 1085  
**Fax:** +86 27 8574 1085  
**Website:** chn-wuhan.mofat.go.kr

## AmCham-China Central China Office

**Contact:** Zhu Rong  
**Address:** Suite 720, Wuhan Jin Jiang International Hotel, No.707 Jianshe Avenue, Wuhan  
**Tel:** +86 27 8578 6888\*720  
**Fax:** +86 27 8580 3986  
**Website:** www.amchamchina.org

## Netherlands Business Support Office

**Contact:** Yuan Fei (Vice Representative)  
**Address:** Suite 1306, New World International Trade Tower, No. 568 Jianshe Avenue, Wuhan  
**Tel:** +86 27 8576 6511  
**Fax:** +86 27 8576 7511  
**Website:** www.hollandinchina.org

## JETRO

**Contact:** Tian Ye zhenye (Director)  
**Address:** Suite A3-A5, Floor 12, Building A, New World Centre, No.634 Jiefang Avenue, Wuhan  
**Tel:** +86 27 8359 0755  
**Website:** www.jetro.go.jp/china/about

## Singapore Center

**Contact:** Yang Weijun (Director)  
**Address:** Suite 3907, New World International Trade Tower, No. 568 Jianshe Avenue, Wuhan  
**Tel:** +86 27 8555 8101

## China-Britain Business Council

**Chief Representative:** Yang Qiumei  
**Address:** Suite 1203, New World International Trade Tower, No. 568 Jianshe Avenue, Wuhan  
**Telephone:** +86 27 8577 0989

## Hong Kong Trade Development Council

**Contact:** Zhou Yikai (Vice Director)  
**Address:** Suite 2408, Tower I, New World International Trade Tower, No. 568 Jianshe Avenue, Wuhan  
**Tel:** +86 27 8575 7121  
**Fax:** +86 27 8575 7120

## Korea Trade-Investment Promotion Agency Wuhan Representative Office

**Contact:** Zhang Xianghai (Director)  
**Address:** Suite 3711, Tower I, New World International Trade Tower, No. 568 Jianshe Avenue, Wuhan  
**Tel:** +86 27 8555 0118\*8808  
**Fax:** +86 27 8555 0120

## Canadian Commercial Corporation Wuhan Representative Office Canada Trade

**Contact:** Xiong Wei (Chief Representative Commercial Attaché)  
**Address:** Suite 1609A, Tower I, New World International Trade Tower, No. 568 Jianshe Avenue, Wuhan  
**Tel:** +86 27 8555 8280  
**Website:** www.ccc.ca