The authorities from Suzhou and Nantong signed an agreement in November 2008 (during the second session of the Singapore-Jiangsu Cooperative Council Conference) to jointly develop the Su-Tong Science and Technology Park (NSIP). Situated on the northern side of the Su-Tong Yangtze River Highway Bridge, the project draws on the success of the China-Singapore Suzhou Industrial Park (SIP). Using advanced planning techniques and development concepts, in combination with superior international management practices, the NSIP has been established to become a high-tech, internationalized, eco-friendly and comprehensive business and technology zone.

The year 2011 marked the beginning of the Chinese government’s 12th Five-Year Plan, as well as the infrastructure completion of 9.5 km² of land development for Phase I of the NSIP. It was at this juncture that Deloitte Touche Tohmatsu CPA Ltd. (Deloitte) was asked by the NSIP to research and evaluate the overall investment climate environment of the NSIP.

This research was conducted, from a site selection perspective, by utilizing qualitative and quantitative analysis, extensive field studies, data collection and interviews with major enterprises.

The report relies on several factors for measuring the investment climate of a city and refers to the study report, “Competence of 120 Chinese Cities in 2006,” published by the World Bank and the “Blue Paper of City Competitiveness in China for 2010,” published by the Social Science Academic Press (China), as well as several indicators used by the Ministry of Commerce and various local departments for investment environment reports. The analysis of the investment environment of the NSIP has been systematically analyzed from the following perspectives, each comprising indicators based on the NSIP’s specific macroeconomic and micro business environment factors for enterprises:

- Government services and policies
- Environment for business cooperation
- Infrastructure
- Human resources
- Living environment

Using personal interviews, questionnaire-based surveys and comparative studies conducted with organizations already invested in Nantong and the NSIP, Deloitte has examined the Park in respect of location, economic development and industry. Using a qualitative and quantitative analysis of the data collected, we have examined the decisive criteria for investment site selection and the characteristics of the NSIP’s investment climate.

The data and analysis depict the NSIP as an emerging industrial park in the rapidly developing Yangtze River Delta region, which distinguishes itself in the following ways:

- Innovative government policy and people-oriented government services
- Sophisticated park planning
- Unique geographic advantage
- Self-contained infrastructure
- Abundant human resource reserves
- Superior living environment

The development and construction of the NSIP draws from the experience of industrial park development during the 30-year period since China initiated its reforms and the opening up of the economy. The NSIP will also benefit from world-class planning and development concepts that will accentuate the natural characteristics of the location and help to realize the full potential of the Park. With its innate and acquired advantages, the NSIP is well-positioned to exceed its conventional counterparts in the Yangtze Delta region and become the preferred investment destination for enterprises in the advanced manufacturing and modern service sectors. The NSIP is also set to play a pivotal role in the formation of the Shanghai-Nantong economic pipeline and become a critical engine to drive the economic boom in China’s Yangtze Delta.
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Key Factors for Future Success of NSIP

- Leverage the Yangtze Delta: Unique regional advantages and mature industrial base
- High potential new park: Cutting edge planning techniques, with abundant land resources
- Well-positioned satellite city: Concentration of high-end industries and a pool of high-caliber talent
- Modern: A glorious past, a promising future
- World-class development and management teams: A comprehensive industrial development and management model and a service team with international values and services
1. **Nantong Overview**

- Located in Shanghai’s “one-hour economic zone”
- Ranked 4th in Jiangsu Province by total GDP
1.1 Description

A glance at a map of China will show Nantong ideally situated at the junction between the coastal economic belt and the Yangtze Delta economic zone. Nantong is also strategically located in the area shared by two national strategies: the Jiangsu Coastal Area Development Program and the Yangtze River Delta Regional Plan. During the government’s 12th Five-Year Plan, Nantong will strive to become the economic hub on the northern side of the Yangtze Delta.

Prime location within the northern stretch of the Yangtze Delta
Nantong sits in the southeastern part of Jiangsu Province, on the northern stretch and near the mouth of the Yangtze River. Facing the river to the south and the Yellow Sea to the east, Nantong has a longer coastline than any other city in Jiangsu Province, stretching 210 km, while also extending 226 km along the Yangtze River. Overlooking Shanghai and Suzhou across the Yangtze River, Nantong is a 123 km drive from Shanghai and a 107 km drive from Suzhou.

Within Shanghai’s One-Hour Economic Zone
Nantong’s five major channels across the Yangtze River include the recently constructed Suzhou-Nantong Yangtze River Highway Bridge (Su-Tong Bridge) and Chongming-Qidong Bridge, and other three bridges currently under construction, which are the Wuxi-Nantong Bridge, the Chongming-Haimen Bridge and the Shanghai-Nantong Railroad Bridge.

Situated within Shanghai’s one-hour economic zone, Nantong is only an hour’s drive from Shanghai and also offers easy access to other major cities in the Yangtze Delta.

Geological composition
Nantong’s landscape consists of the Yangtze River Delta plain with thick and complex sedimentary deposits. Its lithology features a mixture of sandy loam, mild clay, silted clay and silt. The land area continues to expand and extend out towards the East China Sea.

Pleasant climate—Four distinctive seasons
Located within the northern subtropical monsoon climate zone, Nantong has temperate maritime climate with a high level of rainfall and four distinctive seasons. The mean annual temperature is 15.9°C, and average annual daylight measures approximately 2,000-2,200 hours, with a mean annual precipitation of 1,000-2,000mm.

In 2011, Nantong registered 110 days and 226 days of ‘good’ and ‘fair’ urban air quality, respectively, accounting for 92% of the annual total.

Source:
①Nantong government official website
②Provided by NSIP
③Nantong 2010 Statistical Year Book
④2010 Report on the State of the Nantong Environment
1.2 Macro Economy

**GDP growth leading the Yangtze Delta**
In 2011, Nantong posted a total GDP of CNY 408 billion and ranked fourth in Jiangsu by volume.\(^\text{①}\) Its GDP grew 19.4% from the previous year, well beyond the 11.1% average growth rate of all 16 cities\(^\text{②}\) in the Yangtze Delta.

**Improving industrial structure, strengthening the economy\(^\text{④}\)**
In recent years, Nantong has actively forged ahead with industrial restructuring. While the secondary industry maintains steady growth, the tertiary industry has gained momentum.

At the end of 2011, the secondary sector represented 54.5% of Nantong’s GDP and added a value of CNY 222.1 billion in 2011, up 16.4% from 2009.

The tertiary sector represented 38.5% of Nantong’s GDP and added a value of CNY 157.2 billion in 2011, up 26.02% from 2010.\(^\text{⑤}\)

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\(^\text{①}\) Statistical Information of Nantong

\(^\text{②}\) The 16 cities in the Yangtze Delta are: Changzhou, Hangzhou, Huzhou, Jiaxing, Nanjing, Nantong, Ningbo, Shanghai, Shaoxing, Suzhou, Taizhou (in Jiangsu), Wuxi, Yangzhou, Zhenjiang, Zhoushan and Taizhou (in Zhejiang)
Total retail sales of consumer goods top CNY 100 billion

In 2011, Nantong’s total retail sales of consumer goods stood at CNY 148 billion, up 16.7% from 2010.

Nantong also registered a double-digit increase in living expenses for the fourth consecutive year, which was CNY 16,666 per capita, a 15% increase or CNY 2,174 more than that of the previous year.

With a business environment that is continuously improving, Nantong’s commercial development and consumer market have been booming in recent years.

Highly potential consumer market

In 2011, Disposable income per urban household in Nantong totaled CNY 25,094, indicating a 6.6% or CNY 1,553 increase from 2010.

Steadily rising disposable income shows promise for a vibrant and high-potential consumer market.

Growing and broadening foreign trade

In 2011, Nantong registered a total import-export volume of USD 25.8 billion, a 22.5% increase from the previous year. Exports increased by 27.8% to USD 18 billion, whilst imports by 11.6% to USD 7.8 billion.

By the end of 2011, a total of 192 countries and regions had established foreign trade relations with Nantong.

In 2011, Nantong reported a gross import-export value of USD 25.8 billion. The distribution of trade nations shows that the Asian countries represented 52.7% of the total, while the European and North American countries represented 21.7% and 14%, respectively. These three regions accounted for the largest share of Nantong’s trade volume.
1.3 Foreign Investment

A national top 10 city with foreign investment totaling USD 14.5 billion in the last decade

By the end of 2011, the realized amount of foreign investment in Nantong exceeds USD 22 billion. More than 1,000 projects were foreign invested. Therefore, foreign investment becomes an accelerator for economic growth in Nantong.

During 2011, Nantong approved 23 projects with newly contributed or incremental capital exceeding USD 100 million. Newly approved emerging industry projects represented 23% of total foreign investment. 

Between 2001 and 2011, Nantong registered actual paid-in foreign investment ranks one of the top 10 Chinese cities for utilization of foreign capital, and 25th of the 100 Chinese cities with the strongest foreign trade development.

Broad distribution of foreign investment

In recent years, foreign investment in Nantong has been focused mainly in the secondary industry, and continuing to extend into the tertiary industry.

In 2011, the realized amount of tertiary industry reached USD 605 million, a 30.4% increase more than that of the previous year. The increase of tertiary industry drove the rising of manufacturing industry to high end, and the development of emerging industry accelerated the industry cluster in Nantong.

Foreign investment targets key industries

Offering a sound industrial infrastructure and business environment, the manufacturing sector in Nantong has become a major destination for many foreign investors.

Source:
①Nantong Government Work Report 2012
②Nantong Bureau of Commerce

Foreign Investment by Industry in 2011

<table>
<thead>
<tr>
<th>Industry name</th>
<th>2005</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Machinery</td>
<td>11%</td>
<td>57.56%</td>
</tr>
<tr>
<td>Light industry and food</td>
<td>9%</td>
<td>10.66%</td>
</tr>
<tr>
<td>Chemicals and medicine</td>
<td>5%</td>
<td>14.99%</td>
</tr>
<tr>
<td>Textiles and clothing</td>
<td>21%</td>
<td>8.8%</td>
</tr>
<tr>
<td>Electronics and IT</td>
<td>6%</td>
<td>7.99%</td>
</tr>
</tbody>
</table>

Source: Statistical Information of Nantong

In 2011, foreigners invested a total of USD 1.243 billion into Nantong’s manufacturing sector. The machinery industry experienced the highest growth rate in the manufacturing sector, with a 56.57% increase, up from 11% in 2005 (total investment in manufacturing).
Primary source countries and regions providing foreign investment

At the end of 2011, Nantong had attracted foreign investment from a number of different countries, forming a multi-faceted system of foreign investment.

Currently, the majority of Nantong’s foreign investment comes from Asian countries and regions. Investment from developed economies, including the U.S. and Europe, has been in a strong uptrend.

Economic benefits of foreign investment

In 2011, foreign-invested enterprises in Nantong’s foreign-invested enterprises, including those from Hong Kong, Macao and Taiwan reported an operating income totaling CNY 327.4 billion, up 13.96%, a total profit of amounting to CNY 29.7 billion, and profit and tax amount reaches CNY 41.4 billion.

Some Fortune 500 and well-known multinationals with investment in Nantong

<table>
<thead>
<tr>
<th>Asia</th>
<th>U.S.</th>
<th>Europe</th>
</tr>
</thead>
<tbody>
<tr>
<td>• CMC</td>
<td>• Cargill</td>
<td>• Air Liquide</td>
</tr>
<tr>
<td>• Fujitsu (China) Investment</td>
<td>• Dow Chemical</td>
<td>• Roche</td>
</tr>
<tr>
<td>• Hyosung</td>
<td>• GE</td>
<td>• Selena Co.S.A.</td>
</tr>
<tr>
<td>• Keppel Corporation</td>
<td>• ITT</td>
<td>• Syngenta</td>
</tr>
<tr>
<td>• Marubeni Corporation</td>
<td>• Reilly Industries</td>
<td></td>
</tr>
<tr>
<td>• Nippon Steel</td>
<td>• Westinghouse Electric</td>
<td></td>
</tr>
<tr>
<td>• Oji Paper Co.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Pohang Iron and Steel Co. Ltd</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Polyplastics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• RGE Pte Ltd.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• SE-A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Sumitomo Corp</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• TSRC Corporation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Yang Tze TAK Ltd.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source:
①Nantong Economic and Technology Information Commission
2. NSIP Investment Environment

• Tapping into the industrial base and business resources offered within the one-hour economic zone
• A new coastal city with investment opportunities
• A draw for high-tech and advanced manufacturing industries
• An efficient and experienced development and management team
2.1 Overview

**NSIP— A new model of Sino-Singapore cooperation**
A key strategic development project in Jiangsu’s coastal area, the NSIP is being developed along the Yangtze River through joint efforts of both Suzhou and Nantong. Drawing on the success of the Sino-Singapore Suzhou Industry Park (SIP), the NSIP will be characterized by advanced planning and development techniques, as well as proven international management practice. With the state-of-the-art planning and innovative development, the NSIP is recognized as a new model and the epitome of Sino-Singapore cooperation.

**Hi-tech, eco-friendly, international, new district with advanced technology and vibrant business**
As a key strategic development project determined by the Singapore-Jiangsu Cooperative Council, the NSIP is a “sister” park to the SIP and offers a new venue for industrial development at the heart of a “small golden delta”, consisting of Shanghai, Suzhou and Nantong. A succession of industrial projects have been launched during the initial two-year planning and construction period. These projects have been able to leverage the area’s robust industrial infrastructure and abundant business resources.

**Objective – An eco-friendly coastal city, an international hub for innovation**
The NSIP is analyzed in the context of two national development strategies: the Jiangsu Coastal Area Development Program and the Yangtze River Delta Regional Plan. Borrowing from the success of the SIP, the NSIP will strive to become an area that nurtures innovation, hosts pioneers in science and technology, and brings advanced ideas and industries together within the next eight to 10 years. The NSIP is projected to evolve into a modern city, accommodating a population of 300,000 and create a new model of Sino-Singapore cooperation, a new international community in Nantong and a concentration of high-end industries and a pool of high-caliber talent.
2.2 Advantageous Location

The NSIP is situated at the heart of a “small golden delta,” consisting of Shanghai, Suzhou and Nantong. Benefiting from a prime location with easy access to nearby airports, harbors, expressways and bridges, the NSIP enjoys strong ties to domestic and overseas economic centers, and provides an incomparable geographic advantage within the high-value Yangtze River Delta Region.

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Nantong’s location – adjacent to the Yangtze River and the sea – is rare resource in China, which makes it an ideal destination for investment. We will fully support the construction of the NSIP.

—— Wong Kan Seng, Singapore Deputy Prime Minister
Tapping into the industrial and commercial resources of the one-hour economic zone

The NSIP is situated in the south of Nantong just off the Su-Tong Bridge across the Yangtze River and has taken center stage in the Jiangsu government’s initiatives to develop the areas along the river and the sea.

With the completion of Su-Tong Bridge, the NSIP is less than an hour’s drive from major cities, such as Shanghai, Suzhou and Wuxi.

Industrial development space with excellent potential

With its exceptional location, the NSIP can take full advantage of the industrial infrastructure and business resources in surrounding cities to develop a premium manufacturing and modern service industry.

What the company says about the NSIP:

The NSIP is a one-hour drive from Shanghai and is adjoined by the Yangtze River. With a total area of 50km², it aptly meets the site selection criteria of any industry, including the high-tech sector.

--- Jiangsu Oji Paper

Established in 1873, Oji Paper is a world leader in the paper manufacturing industry. Since its entry into the Chinese market in 1995, Oji Paper has expanded its lines of business to cover paper manufacturing, processing, re-forestation, logistics and trading. The Jiangsu Oji Paper pulp-paper integrative project is currently the largest Japanese investment project in China.
Access to airports

Nantong Xingdong Airport
This airport is located 16 km from the NSIP and can be reached via the Nanjing-Qidong Expressway.

Nantong Xingdong Airport offers more than 11 domestic flights to destinations such as Beijing, Shenzhen, Guangzhou, Wuhan, Xiamen, Chengdu, Chongqing, Changsha, Shenyang, Kunming and Nanchang. Plans to upgrade the airport, increase capacity and add new routes are in progress. The Nantong Xingdong Airport has been designated by the Civil Aviation Administration of China as a key regional airport and a freight site for the Shanghai International Air Hub.

Shanghai Pudong International Airport
This airport is located within 151 km of the NSIP and can be reached via the Coastal Expressway.

Shanghai’s Pudong International Airport and Hongqiao Airport combine as one of the three largest international air hubs in China. The Airports Council International (ACI) “airport passenger satisfaction survey” from the second quarter of 2010 ranked Shanghai Pudong International Airport sixth among the top 10 airports (of 146 airports surveyed around the world).

Shanghai Hongqiao International Airport
This airport is located within 97 km of the NSIP and can be reached via the Coastal Expressway.

In 2011, Hongqiao Airport was honored by Skytrax, an international civil aviation organization, with an award for “most improved,” and “runner-up” for China’s Best Airport. Hongqiao Airport also won ACI’s “Most Improved Airport in Asia Pacific” award in 2010.

Wuxi Shuofang Airport
This airport is located within 98 km of the NSIP and can be accessed via the Coastal Expressway and the Suzhou-Jiaxing-Hangzhou Expressway.

At the end of 2010, Wuxi Shuofang Airport had 13 domestic, international and regional airlines, operating more than 60 flights on a daily basis, with a 70% passenger load on average.

Driving Distance to Major Airports from NSIP

<table>
<thead>
<tr>
<th>Airport</th>
<th>Distance (Km)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nantong Xingdong Airport</td>
<td>16</td>
</tr>
<tr>
<td>Wuxi Shuofang Airport</td>
<td>98</td>
</tr>
<tr>
<td>Shanghai Hongqiao Airport</td>
<td>97</td>
</tr>
<tr>
<td>Shanghai Pudong International Airport</td>
<td>151</td>
</tr>
</tbody>
</table>

Source: Map of China

Source:
① Provided by NSIP
② Shanghai municipal government official website
③ Wuxi Sunan International Airport Group official website
Nantong Port—One of China’s top 10 ports

The NSIP is located adjacent to the Nantong Port. Nantong Port is an open, comprehensive and multifunctional sea and river port on the lower reaches of the Yangtze River. Not only is it one of China’s top 10 ports, but it is also a Category-1 open port and a national hub, as well as an integral part of the Shanghai International Shipping Center. The Port provides transportation services to 312 ports in 96 countries and regions, and operates three international direct shipping lines to Hong Kong, Japan and Korea.①

In 2011, Nantong port handled a throughput of 173.31 mmt (million metric tons), up 15% from the volume in the same period last year.②

A natural 200,000 ton deep water port

The Nantong Port Zone under design incorporates three seaports and nine river ports along the river. The three seaports are the ports of Yangkou, Lengjiaasha and Lüsi, and the nine river ports include the ports of Tonghai, Qihai and Fumin.

A quick glance at the ports of Yangkou and Tonghai will show:

The Port of Yangkou is an exclusive natural deep water port with a 200,000 ton capacity in central China. The completion of the Port of Yangkou offers a new passageway to the sea from the Yangtze River valley.③

The Port of Tonghai is positioned as a comprehensive bonded port focusing on container and bulk cargo shipments.
Highways
Convenient access to four major highways offers easy transportation for passengers, products and materials in and out of the NSIP. Nearby highways include the Nanjing-Nantong Highway, Nantong-Qidong Highway, Nantong-Yancheng Highway, Coastal Highway and National Highways 204 and 328 passing through Nantong.

Yangtze River Bridges
To accelerate regional consolidation and connect both sides of the Yangtze River (Suzhou, Wuxi, Changzhou, etc.) to major cities, Nantong has embarked on a major bridge construction initiative. The Su-Tong Bridge and Chongming-Qidong Bridge have been completed, with others under construction; these include, the Wuxi-Nantong Bridge, the Chongming-Haimen Bridge and the Shanghai-Nantong Railroad Bridge. Each structure will help to bring Nantong closer to Shanghai and other major cities in the Yangtze River Delta.

Railroads
Nantong Railway Station has been integrated into the national rail network and connects Nantong with major destinations throughout the country.

Both the Xinyi-Changxing Railway and the Nanjing-Qidong Railway run through Nantong. The Shanghai-Nantong Railroad Bridge and three additional planned railways will allow Nantong Railway Station to become one of the railway hubs in Eastern China.

Distance between Nantong and other major cities in China (km)

<table>
<thead>
<tr>
<th>City</th>
<th>Distance (km)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suzhou</td>
<td>82</td>
</tr>
<tr>
<td>Shanghai</td>
<td>99</td>
</tr>
<tr>
<td>Hangzhou</td>
<td>208</td>
</tr>
<tr>
<td>Nanjing</td>
<td>200</td>
</tr>
<tr>
<td>Beijing</td>
<td>970</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>1,259</td>
</tr>
</tbody>
</table>

Source: Map of China
LOCATION AND TRANSPORTATION

Located on the northern part of the Su-Tong Yangtze River Bridge, the Su-tong Science and Technology Park is the front line of Nantong, connecting Shanghai and joining the southern parts of Jiangsu. The Park links major cities in China and other parts of the world with well-developed networks of highways, waterways, railways and airports.

Regional Location

Nantong is located at the intersection of the Coastal Economic Belt and the Yangtze River Economic Belt. It is now part of the Shanghai one-hour economic zone.
3. Government Services and Policies
3.1 Introduction

According to Deloitte’s research conducted with nearly 20 foreign-invested enterprises, the government’s preferential policies and administrative efficiency are the most important variables when investors are considering sites for investment.

Both the provincial and municipal governments have deemed the NSIP a high priority. Policy measures, such as financial support, land use quotas and expeditious project approval processes, are designed to help businesses reduce operating costs and make the NSIP more attractive than similar sites.

These policies, combined with a people-and service-oriented government, as well as administrative efficiency, will make the NSIP a preferred venue for investors.

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Preferential fiscal policies are one of the key factors for attracting foreign investment. The preferential fiscal policies granted by the Jiangsu provincial government are very supportive. Cooperation between businesses and the government has been amicable and efficient. As a service-oriented authority, the NSIP functions as a strong liaison between businesses and the government.

Nobao Group provides R&D, consulting, design, manufacturing, sales, installation and energy services for utilizing ground source heat pump technology (GSHP), and is one of the leading providers of construction energy-saving solutions in China.
3.2 Pro-Business Services

PRO-BUSINESS SERVICES
The NSIP is striving to establish an efficient, transparent, equitable and standardized government service system and comprehensive pro-business environment.

PREFERENTIAL SUPPORT
The NSIP promotes industries in sectors such as shipbuilding and repair, large equipment manufacturing, electronics, information technology, biotechnology, drug manufacturing, new materials, alternative energy and modern services. Companies that meet the relevant requirements will benefit from favorable tax treatment.

CUSTOMS GREEN LANE
Direct waterway customs access has been established with the Shanghai Port. Customs clearance and processing trade can be pre-approved online.

MEDICAL SERVICE GREEN LANE
Nearby hospitals open special windows to provide convenient medical services to investors, senior managers. Modern international school offers high-quality fundamental education.
Streamlined management
The NSIP Administrative Commission has been delegated by the Nantong municipal government to perform the overall managerial role for the Park.

A comprehensive development team
The NSIP is being developed by the China-Singapore Su-Tong Industrial Park (Nantong) Development Group Co., Ltd (CSSTD), an integrated urban developer with a record of previous success in developing the SIP. The CSSTD was authorized and commissioned by the NSIP Administrative Commission to undertake the comprehensive development of the Park.

The CSSTD is a joint venture established by the China-Singapore Suzhou Industrial Park Development Group Co., Ltd (CSSD), representing 51% of the equity stake. The Nantong Economic and Technological Development Area and Jiangsu State Farm Group Company are also shareholders in the CSSTD, representing 39% and 10% stakes, respectively.

A dedicated business promotion team
The NSIP’s specialized business promotion team was jointly established by the NSIP Business Promotion and Economic Development Bureau and the Sino-Singapore Group Development Company Nantong Branch Merchants Department.

High-caliber management team
- Streamlined structure
- Systematic managerial model
- Regular training and exchanges to Singapore to improve service quality
- 360° approach to services
- A committed customer service team with international experience and multilingual abilities

Source:
Provided by NSIP
3.4 Preferential Policies and Incentives for Businesses

Incentives for regional headquarters (RHQs)
Taking advantage of its proximity to Shanghai and the Yangtze Delta, the NSIP is moving forward with its plans for a regional headquarters (RHQ)-based economy. This approach will significantly help optimize the allocation of regional resources, accelerate structural improvements and foster regional competitiveness.

As an incentive, RHQs, distribution centers and logistics centers established within the NSIP are entitled to a financial subsidy of up to 70% of the tax withheld by the NSIP.

Incentives for R&D centers
Foreign-invested enterprises are encouraged to set up R&D centers in the NSIP to develop research expertise and build a pool of high-caliber talent. The establishment of R&D centers will increase input into science and technological development, facilitate cooperation between academia and industry, and boost technological proficiency.

The NSIP has several favorable policies to encourage the establishment of corporate R&D centers, including a deduction for technical R&D expenses from taxable income, favorable depreciation standards for R&D instruments, financial subsidies for high-tech enterprises, etc.

<table>
<thead>
<tr>
<th>Examples of preferential policies for RHQs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Large company</strong></td>
</tr>
<tr>
<td>For a limited time, RHQs of large companies are entitled to a financial subsidy of up to 70% of the tax withheld by the NSIP</td>
</tr>
<tr>
<td><strong>Normal company</strong></td>
</tr>
<tr>
<td>For a limited time, RHQs of normal companies are entitled to a financial subsidy of up to 60% of the tax withheld by the NSIP</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Examples of preferential policies for R&amp;D centers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investment in technological R&amp;D</strong></td>
</tr>
<tr>
<td>Companies may deduct 150% of actual R&amp;D expense from taxable income in the year in which the expense is incurred.</td>
</tr>
<tr>
<td><strong>Instruments and equipment</strong></td>
</tr>
<tr>
<td>Instruments and equipment used for R&amp;D activities and valued below CNY 300,000 may be amortized as management fees in full or by installment; if valued above CNY 300,000, the depreciation period may be shortened or accelerated</td>
</tr>
<tr>
<td><strong>Financial subsidies</strong></td>
</tr>
<tr>
<td>For a limited time, certified high-tech companies qualify for a subsidy of up to 80% of the tax withheld by the NSIP</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Examples of preferential policies for venture capital investment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Start-up funding</strong></td>
</tr>
<tr>
<td>The establishment of a venture capital investment company may qualify for a start-up subsidy of up to CNY 500,000</td>
</tr>
<tr>
<td>The establishment of a branch or liaison office of a venture capital investment company may be entitled to a start-up subsidy of CNY 200,000</td>
</tr>
<tr>
<td><strong>Risk subsidy</strong></td>
</tr>
<tr>
<td>A venture capital investment company established within the NSIP may benefit from a special risk subsidy of 5% of the actual investment amount</td>
</tr>
<tr>
<td><strong>Follow-up investment</strong></td>
</tr>
<tr>
<td>A venture capital investment company meeting certain criteria may qualify for a follow-up investment of about 30% of the total investment (up to CNY 4 million per investment).</td>
</tr>
</tbody>
</table>

Incentives for venture capital investment
Venture capital is a type of investment activity that provides equity capital to newly established enterprises and unlisted companies.

The NSIP offers a special venture risk subsidy to support the growth and healthy development of venture capital companies within the Park. A venture capital company in the NSIP enjoys a start-up subsidy of up to CNY 500,000 and is entitled to a special risk subsidy of up to 5% of its investment capital. For any subsequent investment, the government will give the company up to 30% of the total invested capital (up to CNY 4 million per investment) provided certain requirements are met.

Source:
①Compilation of conditions in the NSIP
②Notice of the Nantong government promotion of technological innovation and entrepreneurship
③Compilation of conditions of the NSIP
Incentives for service outsourcing companies

Service outsourcing refers to subcontracting an internal function in the value chain to an outside professional service provider.

Service outsourcing companies in the NSIP are provided with excellent benefits in the form of certification subsidies and operational support to help boost future development.

Incentives and benefits for high-tech enterprises

A high-tech enterprise is a business engaged in continuous R&D in the areas specified in the “National Key Supportive High Technology Categories” and one that is engaged in the transfer of technological achievements. A high-tech enterprise carries out its daily operations and generates its independently owned core intellectual property.

The NSIP strongly supports high-tech enterprises and scientific and technological projects with a number of preferential policies. Certified high-tech companies can enjoy a 15% preferential enterprise income tax rate for a specified number of years, as well as other supportive policies, such as subsidies to attract skilled talent from abroad and an interest subsidy for technological innovation.

Certified start-up and innovation projects will be entitled to a subsidy of up to CNY 5 million by the NSIP and be provided with office space for a specified number of years.

<table>
<thead>
<tr>
<th>Examples of incentives for outsourcing services®</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Certification subsidy</td>
<td>An incentive of up to CNY 2 million for a specified number of years for service outsourcing companies with international certification</td>
</tr>
<tr>
<td>Operational support</td>
<td>Tax relief with respect to tax paid at a rate of exceeding 15% for a specified number of years for companies that qualify as international outsourcing service companies</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Examples of incentives for high-tech enterprises®</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Talent introduction</td>
<td>Special subsidies to attract high-caliber staff for high-tech projects, evaluated by experts</td>
</tr>
<tr>
<td>Technical innovation subsidies</td>
<td>Interest subsidies offered in part by the NSIP for technological innovation in the Park</td>
</tr>
<tr>
<td>High-technology enterprises</td>
<td>A preferential enterprise income tax rate of 15% (rather than the normal 25%) for a specified number of years and preferential policies to attract talent</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Examples of incentives for projects®</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Scientific start-up projects</td>
<td>A subsidy of up to CNY 5 million and free office space of no less than 200m² for a specified number of years</td>
</tr>
<tr>
<td>Self-initiated innovation projects</td>
<td>A subsidy of up to CNY 5 million depending on the scale of the project</td>
</tr>
</tbody>
</table>

Source:
①Implementation measures of policies for expediting the development of the international service outsourcing industry
②Notice on the promotion of technological innovation and entrepreneurship issued by the Nantong government
③Compilation of conditions of the NSIP
3.5 Preferential Policies to Attract Talent

**Jiang Hai Preferential Policy**

The NSIP offers progressive policies to attract top talent to invest and work in the park. Executives and technical leaders of companies in the NSIP are entitled to benefit from supportive policies, such as the Jiang Hai Talent Attraction Plan.

Under this plan, personnel with outstanding skills are granted benefits, such as sponsorship for scientific and technological projects, living allowances, start-up funding, government subsidies and individual income tax relief.

---

**Key technical personnel**

A key qualified technical individual is entitled to a government subsidy of up to CNY 1 million.

**Entrepreneurial leaders**

Entrepreneurial leaders are entitled to start-up funds of up to CNY 3 million, full subsidization of loan interest and guarantee payment during the initial years of the investment and a 10%-30% follow-up investment for venture capital investments.

**Urgently needed personnel**

Urgently needed personnel are offered a lump-sum settlement allowance of up to CNY 1.5 million and a monthly living allowance of CNY 1,000-CNY 5,000 for a specified number of years.

**High-tech technical personnel**

The following individuals are entitled to a monthly allowance of CNY 4,000-CNY 5,000 for a specified number of years:
- Members of the Chinese Academy of Sciences
- Members of the Chinese Academy of Engineering
- Chief scientists for key provincial-level science and technology projects
- Chief engineering experts for key engineering projects

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Source:

Compilation of conditions of the NSIP
3.6 Government Services

**Policies offering competitive advantages**

Official documents issued by the Jiangsu government confirm that the provincial government will provide the NSIP with support and cooperation with respect to the approval authority and tax policy.

To accelerate the development and progress of the NSIP, the Jiangsu provincial government has issued a number of policies, including the following:

- Management authority for provincial/municipal level projects
- Tax incentives and financial subsidies
- Land use grants
- Financial support
- Support for high-tech projects, service outsourcing projects and HR training

These policies make the NSIP very competitive compared with other industrial development zones in the Yangtze River Delta Region.

**Streamlined approval process and administrative efficiency**

**Green channel**

The NSIP features a fully authorized one-stop service center, which provides efficient services through the "green channel".

**Charging system**

No fees will be charged to administrative side, and follow-up services will be offered to track key projects.

**Easy customs**

The NSIP also offers a seamless connection to the Shanghai port by providing convenient local declaration in a cross-customs zone with quick inspections and customs clearance. Other services, such as classified customs clearance, paperless customs clearance, guaranteed clearance and drop-in inspection, have been introduced to help businesses reduce logistical costs and improve the efficiency of the supply chain.

What the enterprise says about the NSIP:

Shaw Industries is very pleased to make Su-Tong Science and Technology Park the home of our first international manufacturing plant. From the beginning, we have received tremendous support from the NSIP team. They have worked hard to understand our business requirements and manufacturing processes to better assist us through the enterprise establishment and implementation procedures. They also provided excellent service throughout the land acquisition process and they continue to support us as we navigate the construction and start-up phase of our project.

— Shaw Carpet (China) Co., Ltd.

Established in 1967, Shaw is the world’s largest producer of carpets and a wide variety of floors. Its headquarter is in Dalton of Georgia, US.

Source:

1. “Notification on policies and measures regarding the accelerated development of the NSIP” (Su Zheng Fa [2009] No. 120),
2. “Policies by the provincial government on the development of coastal cities” (Su Zheng Fa [2010] No.2)
3. The financial administrations of both the provincial and city levels won’t be involved in sharing of the retained part of the newly increased VAT and income tax as of NSIP
4. Environment for Business Cooperation
The industrial infrastructure of a city has an immense impact on the operating efficiency of a manufacturer. Moreover, the maturity and diversity of a city’s financial institutions and related services are critical to a company’s financing, management and decision-making processes.

The NSIP aims to capitalize on the national strategy of developing the coastline in Jiangsu, as well as the convenience of the Shanghai’s one-hour economic zone. The Park will continue to benefit from local and offshore economic activities and an abundance of business resources suitable for the concentration of modern services and high-tech facilities for manufacturing, and a growing service sector.

4.1 Introduction

What the enterprise says about the NSIP:

Traditional industrial parks focus on manufacturing and are relatively less developed when it comes to related business services. The NSIP’s Jiang Hai Eco-City is the best industrial park we have ever seen. Its comprehensive business services are very impressive. We believe it will become a world-class industrial park in the near future.

—— Hiroshima Aluminum (Nantong) Industrial Co., LTD.

A renowned Japanese fine machinery processing enterprise, Hiroshima Aluminum Industrial Co. was founded in 1921 and is headquartered in Hiroshima, Japan. By far, the company is Mazda’s largest aluminum die-casting part supplier, and its major clients include Mazda, Toyota, JATCO and Aisin AW, etc. Established with the investment of Hiroshima Aluminum Industrial Co., Hiroshima Aluminum (Nantong) Industrial Co., Ltd. officially settled in Su-Tong Park in 2011.
4.2 Nantong’s Six Pillar Industries

Six “CNY 100 billion” industries
According to the 12th Five-Year Plan of Nantong, Nantong will become a manufacturing powerhouse on the northern bank of the Yangtze River Delta, advancing both the development of key industries and the branding of more traditional industries. Nantong will further leverage its advantage of six CNY 100 billion industries to broadly promote the manufacturing industry.

- Develop a world-class shipyard and China’s major heavy equipment production base
- Total output of the shipping and machine manufacturing industry is expected to hit CNY 400 billion by 2015
- Create a cutting-edge electronics production base and aid in consolidating the national-level production base of electronic materials and components
- Total output of the electronics and IT industry is expected to reach CNY 220 billion by 2015
- Aim to be one of China’s first-class cities for construction
- Cultivate construction contractors that are rich in capital, expertise and technology
- Total output of the construction industry is expected to reach CNY 400 billion by 2015
- Establish a light industry base that is one of the most prominent in Eastern China
- Build an Oji Paper-led high-end paper manufacturing base in China
- Upgrade the manufacturing of certain products, such as electric tools, non-perishable food and steel cable
- Total output of the food processing industry is expected to reach CNY 160 billion by 2015
- Develop as a renowned textile manufacturing base in the Yangtze Delta, branded globally as Nantong Textile
- Build one of China’s leading textile and silk production bases that combines R&D, production and trade
- Total output of the textile and apparel industry is expected to reach CNY 270 billion by 2015

Source: Guideline on the 12th Five-Year Plan of the National Economic and Social Development of Nantong
4.3 Industry Outlook

The NSIP will take advantage of the prominent technology, education and IT resources of the Yangtze River Delta, as well as the Park’s proximity to Shanghai and the northern Jiangsu Economic Zone, to develop industries that other industrial zones are lacking. The NSIP aims to develop "high-tech, high value-added, comprehensive, large-scale" manufacturing and modern service sectors to boost its overall competitiveness.

- Electronic components and electrical devices for shipbuilding and marine engineering industries
- Car accessories industries
- High-end electronic machinery industries
- Bioengineering
- New pharmaceuticals
- Medical equipment
- LED
- Laser displays
- Carbon fibers
- New materials for IT
- Transportation
- New materials for aviation and aeronautics
- Precision machinery and equipment
- Disposable/renewable energy
- Advanced IT
- Modern services sector
- Commercial and trade services
- Service outsourcing
- Travel
- Real estate
- Technological R&D
- Finance industries
- Clean-tech industries
- Smart grids
- R&D and manufacturing of core equipment for renewable energy
- Next-generation batteries and energy storage industries
- High-performance broadband networks
- Next-generation wireless broadband telecommunications
- Cloud computing technologies
- IC design

Source:
Provided by NSIP
4.4 Financial Institutions and Related Service Agents

Sharing Shanghai’s financial power
Because of the Su-Tong Bridge, the NSIP has been integrated into Shanghai’s one-hour economic zone, which means that the Park is now part of the Shanghai metropolitan area.

The NSIP is located within the range of the financial institutions and related service agencies in Shanghai, thus leveraging Shanghai’s mature capital market.

Shanghai’s financial environment
Shanghai is home to the largest, most developed, efficient and innovative financial market in China. The city has securities, futures, foreign exchange, currency, gold, oil and diamond exchanges, and is exploring new financial markets and institutions, such as shipping finance, private equity and financial futures.

Shanghai had 1048 financial institutions, including 170 foreign-invested institutions by the end of 2011.\(^1\)

Financial institutions in Nantong
Nantong, where the NSIP is based, was one of the first 14 of China’s coastal cities to liberalize. Financial institutions in Nantong include commercial banks, credit unions, trust companies, financial companies, leasing companies, securities companies and insurance companies.

Professional service agencies in Nantong
Nantong has law firms, accounting firms, tax agencies and guarantee companies to complement the financial institutions. They offer a variety of professional services to enterprises within the NSIP.

<table>
<thead>
<tr>
<th>Banks</th>
<th>Securities</th>
<th>Insurers</th>
</tr>
</thead>
<tbody>
<tr>
<td>16</td>
<td>17</td>
<td>62</td>
</tr>
</tbody>
</table>

Source: Provided by NSIP

<table>
<thead>
<tr>
<th>Accounting firms</th>
<th>Law firms</th>
<th>Consulting companies</th>
<th>Guarantee companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>30</td>
<td>41</td>
<td>12</td>
<td>26</td>
</tr>
</tbody>
</table>

Source: Provided by NSIP

What the enterprise says about the NSIP:
Sutong Science and Technology Park is a well-positioned satellite city with 300,000 residents. The land for industry, commerce and living is planned and displayed reasonably. NSIP has vast potential for future development. It meets the site selection criteria of any industry, including the high-tech sector.

Source:
\(^1\)Statistical Yearbook of Shanghai 2010
4.5 Scientific Research Capabilities

Leveraging Nantong’s strong scientific research capabilities

Nantong’s hi-tech industry was worth CNY 329.8 billion in 2011, up 36.07% from the previous year and representing 38% of the total industrial output.

Nantong had 19 new provincial-level engineering R&D centers and 64 incubators by the end of 2011, of which 7 are national-level incubators.

In 2011, Nantong had 688 "production, academia and research" coordination projects and over 30,000 patent authorizations, including 19 provincial-level scientific and technological awards.

Sharing the Yangtze River Delta’s outstanding scientific research capabilities

Shanghai registered 2,388 significant scientific research achievements in 2011, of which 211 were globally leading and 598 were globally advanced.

Shanghai had 3,589 hi-tech companies accredited by the government by the end of 2011 and 616 hi-tech achievement projects in the entire year.

In 2011, Suzhou had 430 new national-level hi-tech firms, bringing the total to 1,347, and 1,811 provincial-level hi-tech products, bringing the total to 7,644.

By the end of 2011, Suzhou had 785 R&D institutions and 50 public service centers at the provincial level and above.

Making use of Nantong’s quality technological services

Establishing an office in the NSIP provides access to Nantong’s quality technological services.

Increasing high-tech industrial output from 2009 to 2011

![Graph showing increasing high-tech industrial output from 2009 to 2011]

Source: Nantong Government Work Report 2009-2012

The Nantong Productivity Promotion Center (Nantong Technological Application Center) is an organization for technological services.

Offering technological consulting services to almost 100 companies in 2011, the center registered 264 technological contracts, the value of technological transactions reached CNY171 million.

Sources:
1. A scientific incubator is a special intermediary agency that offers services for the application of advanced technologies.
2. Nantong Productivity Center
3. Report on Economic and Social Development of Shanghai 2011
4. Report on Economic and Social Development of Suzhou 2011
5. Planning and Infrastructure
5.1 Introduction

A systematic regional development plan has a significant impact on the sustainability of the local economy and companies in the region. Sound infrastructure not only meets the basic operating needs of companies, but also helps them reduce operating costs.

Drawing on Singapore’s advanced urban planning techniques and the success of the SIP, the NSIP aims to become -- through efficient development and administration -- a high-tech, eco-friendly, international and integrated modern coastal city for manufacturing, recreation, business and living.

Within 10 years, the NSIP is expected to become

- A scientific and technological capital for the high-tech industry
- An eco-friendly city for energy saving and environmental protection
- An international city for innovation
- A city fostering a healthy lifestyle
5.2 Park Planning

Objective: An eco-friendly coastal city, an international hub for innovation

Drawing on the success of the SIP, the NSIP is expected to take only eight to 10 years to develop into a modern city with more than 300,000 inhabitants.

Advanced planning philosophy

Drawing on the success of Singapore’s urban planning techniques and the combined experience of other industrial parks over the past 30 years, the guiding premise of the NSIP is:

- Planning followed by construction; (underground, then above ground)
- Environmental quality takes precedence over production
- Advance planning and development of multiple blocks
- Simultaneous support for urban facilities

I am happy to see the successful experiences of the Suzhou Industrial Park being applied to the NSIP, and to see the NSIP attracting numerous reputable companies in its early stages. Nantong has amazing potential. I have seen its development with my own eyes and I encourage Singaporean companies to come benefit from the opportunities it offers.

—— Khaw Boon Wan, Singapore’s Minster of Health

NSIP working with professional consultancies

The NSIP has commissioned more than 40 first-class consultancies, both foreign and domestic, to plan a comprehensive city.

Development Schedule

50 km² was allocated to the NSIP for two phases of development:

Phase 1: 9.5 km², completed in 2011
Phase 2: 40.5 km², to be completed by 2018

Planning responsibilities in the NSIP

<table>
<thead>
<tr>
<th>Planning</th>
<th>Planner</th>
<th>Advantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conceptual planning and control details</td>
<td>Singapore SCP Consultants Pte.Ltd</td>
<td>Planned the SIP; experience with industrial park planning</td>
</tr>
<tr>
<td>Industry</td>
<td>Academy of Macroeconomics Research, NDRC</td>
<td>Planned urban clusters in central China, Zhuhai and Chongqing CBD</td>
</tr>
<tr>
<td>Ecosystem</td>
<td>Beijing Tsinghua Urban Planning &amp; Design Institute</td>
<td>Planned Guangzhou, Dalian and Nanning</td>
</tr>
<tr>
<td>Landscape</td>
<td>AECOM</td>
<td>Designed the landscape of Hong Kong Disneyland</td>
</tr>
<tr>
<td>Underground space</td>
<td>Shanghai Municipal Engineering Design Institute Group Co. Ltd.</td>
<td>Planned the Shanghai Hongqiao Transit Hub and the transportation revamp of the Bund</td>
</tr>
<tr>
<td>Public transport</td>
<td>Tongji University</td>
<td>Offered risk control and green construction techniques to Shanghai’s People’s Square subway hub project</td>
</tr>
</tbody>
</table>

Sources:

1 Provided by NSIP
2 Academy of Macroeconomics Research, NDRC official website
3 Beijing Tsinghua Urban Planning & Design Institute official website
4 Shanghai Municipal Engineering Design Institute Group Co., Ltd. official website
5 Tongji University official website
### Scientific and reasonable functional layout

The NSIP has a logical and functional layout to cater to all aspects of life in a high-tech, eco-friendly and modern city. Areas that have been carefully considered include business, public services, transportation and recreation.

<table>
<thead>
<tr>
<th>Industrial area</th>
<th>Comprehensive industrial park, high-tech park and equipment manufacturing park</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mixed high-tech area</strong></td>
<td>Business Park: large corporations, multinational RHQs and R&amp;D centers</td>
</tr>
<tr>
<td></td>
<td>Technology Park: Comprehensive scientific R&amp;D park</td>
</tr>
<tr>
<td></td>
<td>Education Park: Talent pool</td>
</tr>
<tr>
<td><strong>Residential area</strong></td>
<td>Residential environment with well-developed community facilities</td>
</tr>
</tbody>
</table>
Industrial Parks

The NSIP has two industrial areas, one in each of the eastern and western sides of the development zone.

Western Industrial Area
- Comprehensive industrial park
- High-tech park
- Business logistics park

This area takes advantage of the chemical park of the Nantong Economic and Technological Development Zone to develop biotechnology and electronic IT.

Eastern Industrial Area
- Comprehensive industrial park
- Equipment manufacturing park
- Warehousing and logistics park

This district hosts industrial activities, such as shipping equipment manufacturing, environmental protection and alternative energy. It also integrates railways, public roads and waterways.

Standard factory

with a total area of 170,000m², and floor space of 94,000m² in the NSIP consists of seven electronic workshops, 13 mechanical workshops and one office building.

The recently constructed Phase I covers an area of 48,000m², including four electronic workshops, six mechanical workshops and one office building. They were put into operation by September, 2011.

The phase II covers an area of 46,000m² was under construction, including four electronic workshops, six mechanical workshops will complete construction by the end of 2012.

The NSIP approximately has allocated a total of 100,000m² for standard factories.

Standard factories (Phase I):
Floor space covers approximately 48,000 m²

<table>
<thead>
<tr>
<th></th>
<th>Floor space, m²</th>
<th>Number of floors</th>
<th>Floor height, meters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electronic workshop (D1)</td>
<td>5,525</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>Electronic workshop (D2/3/4)</td>
<td>20,400</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>Mechanical workshop (J1/3)</td>
<td>5,530</td>
<td>1</td>
<td>11.75</td>
</tr>
<tr>
<td>Mechanical workshop (J2/4/5/6)</td>
<td>11,800</td>
<td>1</td>
<td>11.75</td>
</tr>
<tr>
<td>Office building</td>
<td>5,800</td>
<td>5</td>
<td>3.6-4.2</td>
</tr>
</tbody>
</table>

Standard factories (Phase II): Floor space covers approximately 46,000 m²

<table>
<thead>
<tr>
<th></th>
<th>Floor space, m²</th>
<th>Number of floors</th>
<th>Floor height, meters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electronic workshop (D5/6/7)</td>
<td>20,400</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>Mechanical workshop (J8/10/12)</td>
<td>8,982</td>
<td>1</td>
<td>11.75</td>
</tr>
<tr>
<td>Mechanical workshop (J7)</td>
<td>3,585</td>
<td>1</td>
<td>11.75</td>
</tr>
<tr>
<td>Mechanical workshop (J9)</td>
<td>3,202</td>
<td>1</td>
<td>11.75</td>
</tr>
<tr>
<td>Mechanical workshop (J11)</td>
<td>8,887</td>
<td>1</td>
<td>11.75</td>
</tr>
</tbody>
</table>
Mixed high-tech area

The NSIP has two mixed high-tech strips in the eastern and western sides of the Park, between the industrial strip and the residential strip.

Each mixed high-tech area has three sections:

- Business Park
- Technology Park
- Education Park

The mixed high-tech area promotes high-tech industrial growth, as well as commercial and residential development. As compared to traditional industrial parks, the combination of technology, eco-friendliness and internationalization makes the NSIP considerably more competitive than its regional counterparts.

Business Park

Multipurpose business environment

A modern business environment comprising:

- R&D
- Services and marketing

The two Business Parks are located in the eastern and western parts of the NSIP, near the residential and industrial areas. With an appealing living environment and convenient access to public transportation, they offer the high standard of living required to attract and retain skilled personnel.

Industry clusters planning

The business areas are expected to form a high concentration of high-tech companies, innovative companies and RHQs of domestic and foreign corporations. The areas are expected to attract large enterprises and multinationals to establish regional R&D and operation centers.
Science and Technology Park
The technology park within the NSIP is located south of the highway along the Yangtze River and borders the coastal highway on the east, only 500 meters from the nearest entrance.

The R&D center consists of five buildings covering 56,626m² of land and 64,714m² of floor space. It was in full operation on August 2012.

<table>
<thead>
<tr>
<th>Building</th>
<th>Floor space, m²</th>
<th>Number of floors</th>
<th>Floor height, meters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building 1</td>
<td>28,985</td>
<td>5</td>
<td>Floor height is 3.75</td>
</tr>
<tr>
<td>Building 2</td>
<td>5,985</td>
<td>4</td>
<td>Floor height is 3.75</td>
</tr>
<tr>
<td>Building C1</td>
<td>3,788</td>
<td>4</td>
<td>Floor height is 3.75</td>
</tr>
<tr>
<td>Building C2</td>
<td>11,997</td>
<td>5</td>
<td>Floor height is 3.75</td>
</tr>
<tr>
<td>Building C3</td>
<td>4,806</td>
<td>5</td>
<td>Floor height is 3.75</td>
</tr>
<tr>
<td>Basement</td>
<td>9,155</td>
<td>B1</td>
<td>2.67</td>
</tr>
</tbody>
</table>

Source: Provided by NSIP

The NSIP has allocated 65,000m² of space for R&D centers
The Nantong International School is situated north of Hongxing Road, east of Tongjiang Avenue and to the west of Dongfang Avenue. The development consists of an area of approximately 24,000 m² and, although still under construction, the school is expected to be completed in the near future and will begin student recruitment shortly.

**Education Park (in the planning phase)**
The NSIP has two education parks being planned, which will be situated within the eastern and western parts of the Park, and adjacent to the Technology Park and the Business Park.

The Education Park will be characterized by excellent entrepreneurial and living conditions to attract talent from domestic and foreign universities. Schools will be encouraged to set up campuses and R&D facilities to help nurture talent for the high-tech industry and create a balanced system of education, production and R&D.

**Educational resources**
The NSIP will capitalize on the excellent faculty and educational resources to offer corporate training and a modern education environment for expatriate children. Resources will include:

- Higher education providers and vocational schools
- An international school

**Well-developed educational facilities**

<table>
<thead>
<tr>
<th>Education provider</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>International schools (under construction)</td>
<td>1</td>
</tr>
<tr>
<td>Primary schools (one under construction)</td>
<td>8</td>
</tr>
<tr>
<td>Nine-year schools (in the planning phase)</td>
<td>5</td>
</tr>
<tr>
<td>Secondary schools (in the planning phase)</td>
<td>1</td>
</tr>
<tr>
<td>High schools (in the planning phase)</td>
<td>2</td>
</tr>
<tr>
<td>Vocational schools (in the planning phase)</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: Compilation of conditions of the NSIP

**Nantong International School**
The Nantong International School is situated north of Hongxing Road, east of Tongjiang Avenue and to the west of Dongfang Avenue. The development consists of an area of approximately 24,000 m² and, although still under construction, the school is expected to be completed in the near future and will begin student recruitment shortly.

**Education Park (in the planning phase)**
The NSIP has two education parks being planned, which will be situated within the eastern and western parts of the Park, and adjacent to the Technology Park and the Business Park.

The Education Park will be characterized by excellent entrepreneurial and living conditions to attract talent from domestic and foreign universities. Schools will be encouraged to set up campuses and R&D facilities to help nurture talent for the high-tech industry and create a balanced system of education, production and R&D.

**Educational resources**
The NSIP will capitalize on the excellent faculty and educational resources to offer corporate training and a modern education environment for expatriate children. Resources will include:

- Higher education providers and vocational schools
- An international school

**A wealth of educational resources in the surrounding area**
There are many high-quality international schools in Shanghai and Suzhou:

- Shanghai American School
- British International School Shanghai
- Shanghai Japanese School
- French School of Shanghai
- Shanghai German School
- Shanghai Singapore International School
- Suzhou Singapore International School
- Suzhou EtonHouse International School
- Suzhou International Foreign Languages School

by NSIP
Convenient transportation that connects work with leisure
The residential block will have an optimal and efficient arrangement of living space, open space and transportation, as well as other infrastructure. A balanced distribution of commercial, recreational and greenbelt areas will ensure the majority of facilities will be located near mass transit stations.

Improving community facilities
Community centers will be built within the residential area to offer shopping, food, recreation and exhibition facilities.

Residential Block – Su-Tong’s YunCui apartments
YunCui apartments are an integral part of the NSIP and are located on the west side of the Park. Phase 1 covers 33,000m² of land and 46,000m² in floor space. Apartments for blue-collar employees comprise four buildings with elevators, housing 2,882 employees, while apartments for white-collar employees comprise 10 buildings and a total of 184 apartments of various sizes. The apartments were complete construction in July 2012.

12 community centers and four convenience centers
The NSIP Park will have 12 community centers and four convenience centers outfitted with health and medical services to meet the needs of all of its residents.

The NSIP has allocated approximately 46,000m² of space to build YunCui apartments (Phase 1)
5.3 Infrastructure

Land supply advantage
Formerly owned by the Nantong government, the NSIP’s 50 km² site has now become an area for construction.

It is a high-potential stretch of land near the mouth of the Yangtze River and its core competitive advantages are:

- Large area
- Low cost
- Level and flat

Limitations on land use
Individuals and companies are not permitted to own land in China, although they may purchase the right to use a parcel of land for a specified period of time from the government.

According to “Real property Rights Law of the People’s Republic of China,” the maximum periods for land use rights are:

- Residential: 70 years
- Industrial: 50 years
- Commercial: 40 years
- Multi-purpose: 50 years

Industrial factories
Investors in industrial projects can purchase land use rights to build factories or, alternatively, purchase or rent standard factories in the Park.

Price of industrial land acquisition
The graph illustrates the sales and transaction prices (CNY/m²) for industrial land in major cities nationwide in December 2010.

We’ve been to many of China’s development zones, and the NSIP proved to be very surprising. What was most attractive was its geographical location, as no other industrial park in the Yangtze River Delta could provide such a large supply of land.

— Nobao Group
Telecom network: Intelligent Park
The Administrative Commission of the NSIP and the Nantong Branch of China Telecom signed a strategic deal in November 2010 to build an “intelligent park” with superior telecommunications infrastructure to complement the Coastal Eco-City and International Innovation Park. The result will be a communications system with a readily accessible network and diversified applications and that will provide a solid platform for the development of the NSIP.

Telecommunications planning – cutting edge technology
- Optical telecommunications
- Wireless telecommunications
- Cloud computing
Cutting-edge technologies will bring high-speed, secure and reliable IT services to every company, household and individual throughout the Park. Wireless broadband and data centers will provide enterprises with excellent levels of reliability and data storage based on cloud computing, along with powerful computing and processing services.

Centralized air conditioning and heating
The NSIP employs a centralized system to provide air conditioning and heating for all residential, public, commercial and industrial spaces via ground source heat pump technology.

The NSIP will be China’s first smart park, home to the nation’s largest wireless broadband reception system, the largest optical network and the most technologically advanced industrial park database.
As of October 2010, 10 key components of the Park’s infrastructure had been completed

Completed components include:

- Roads
- Surface grading
- Water supply
- Drainage
- Wastewater treatment
- Power supply
- Steam
- Natural gas
- Telecommunications
- Cable TV
The infrastructure for Phase I has been completed, ready for future projects.
6. Human Resources
6.1 Introduction

One of the major keys to the success of any business is its workforce – a skilled workforce forms the foundation for growth and innovation within an organization and is the main driver for a company’s achievements. At the same time, however, maintaining a skilled labor force is a major part of a company’s operating costs.

Nantong’s strength in comprehensive science and education offers a highly qualified talent pool at a very reasonable cost. Hence, enterprises based in the NSIP benefit not only from excellent talent resources, but also a considerable cost advantage.

The opening of this manufacturing facility at the Sutong Science and Technology Park is truly a dream come true for the Devon International Group. We feel that this alliance of business and technology will help us expand availability of and access to cost-effective medical devices that can help heal people not only in the United States and China, but across the globe. We encourage U.S. companies to consider Sutong when expanding in China, and look forward to a mutually beneficial relationship here for years to come.”

— Devon

Devon International Group is a diversified multinational corporation, its main business covers medical and health, information technology, manufacturing, international trade, etc. Its sales channels cover the whole world.
6.2 Talent Pool

The universities in Nantong and its surrounding areas provide an abundant pool of educated and talented graduates, guaranteeing enterprises located in the NSIP with a steady supply of qualified candidates.

**Human resources for scientific research**

At the end of 2011, Nantong had 21 and 10 academics that were members of the Chinese Academy of Sciences and the Chinese Academy of Engineering, respectively.¹

The Nantong Professional Shipbuilding Coalition was established in September 2007 as the first of its kind in the Jiangsu province, and by the end of 2010, it had attracted 48 shipbuilders and more than 10 universities and research institutions.

**Leveraging human resources from the surrounding region**

There are over 200 colleges and universities within a two-hour drive of the NSIP, which provides an abundant pool of qualified degree-holding candidates in surrounding cities.

**The following colleges and universities are within two hours of the NSIP**

- Nantong University
- Fudan University
- Shanghai Jiao Tong University
- Tongji University
- Shanghai University of Finance and Economics
- Shanghai International Studies University
- Suzhou University
- Jiangnan University

**Deep talent pool**

Nantong is known for its rich human resources and excellent elementary education. By the end of 2011, three million out of Nantong’s 5.5 million workforces were between the ages of 20 and 44.

At the end of 2011, Nantong had many schools adding to the supply of skilled workers, including six higher education institutions with 85,500 students, two adult colleges with 19,400 students and 26 vocational schools with 85,200 students.²

**Graph: University enrollment in industry-specific programs in Nantong, 2011**

- Modern services sector: 3,077
- Precision electronics: 2,362
- Electronics and IT: 1,647
- Advanced materials, renewable energy and biomedicine: 880

Source: Provided by NSIP

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¹ Nantong Archives Bureau official website
² Report on Economic and Social Development of Nantong 2010
6.3 Human Resource Costs

Cost-effective human resources
Labor costs in China have two main components: salary and social security fund. Taking these two costs into account, Nantong has a considerable advantage as compared to other major cities in the Yangtze River Delta.

Salary
The average annual salary in Nantong was CNY 44,574 in 2011, which is relatively low and yet very competitive for the Yangtze River Delta.

Social security fund
Companies in China are required to contribute to an employee’s social security fund, including social insurance and an accumulative housing fund. Employers in Nantong contributed on average 39.3% to 44.8% of an employee’s salary to his/her social security account in 2011.

2011 Nantong corporate social security payment ratios

<table>
<thead>
<tr>
<th>Corporate social security payments, percentage of total</th>
<th>Proportion of employer’s contributions to social security in Nantong</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nantong</td>
<td>Pension 20%</td>
</tr>
<tr>
<td></td>
<td>Unemployment insurance 2%</td>
</tr>
<tr>
<td></td>
<td>Healthcare insurance 8%</td>
</tr>
<tr>
<td></td>
<td>Workplace injury insurance 0.5%-2%</td>
</tr>
<tr>
<td></td>
<td>Maternity insurance 0.8%</td>
</tr>
<tr>
<td></td>
<td>Accumulative housing fund 8%-12%</td>
</tr>
</tbody>
</table>

Source: Nantong Human Resources and Social Security Bureau Hotline

Labor costs in Yangtze River Delta 2011

Nantong’s recommended salaries for skilled labor, CNY/year

Source: Provided by NSIP

Cost-effective human resources
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</tr>
<tr>
<td></td>
<td>Accumulative housing fund 8%-12%</td>
</tr>
</tbody>
</table>

Source: Nantong Human Resources and Social Security Bureau Hotline
7. Living Environment
• Modern China’s top industrial city
• One of the first group of China’s open coastal cities
• National Civilized City
• National Sanitary City
• National Historical and Cultural City
• National Garden City
• Winner of “Chang’an Cup” for comprehensive treatment of social security
• One of the first group of National Excellent Tourism Cities
• National Model City for Environmental Protection
• No. 1 quality of government service for the urban comprehensive competitiveness
• Best City for MNC investment
7.1 Introduction

Liu Bowen, one of the founders of the Ming dynasty, proclaimed Nantong a “sublime paradise.”

From the outset, the NSIP has prioritized the use of the area’s natural water and green space to develop an ecosystem that provides a pleasant environment to those working and living in the Park.

Nantong, where the NSIP is based, and its surrounding cities offer highly developed health-care, education, recreation and tourism services, making the NSIP an exceptional choice for investors.

Nantong’s awards:
- Sohu China Best City for Environmental Investment in 2008
- In 2010, ranked by Forbes as the 23rd best city for doing business in China
- One of the 24 cities assessed by the Chinese Academy of Social Sciences for competitiveness 2009-2010
Modern China’s Top Industrial City

Nantong has been dubbed "modern China’s No. 1 industrial city," as it was the earliest city to develop modern industry through urban development.

Zhang Jian, a modern industrialist, is credited with pioneering local reforms to help Nantong “start-up” and promote industrial growth.

Zhang revitalized Nantong’s businesses, public works and helped establish power plants, electrical lighting and telephone companies. The results of the reforms and Zhang’s achievements have benefited Nantong for generations.

A history of openness

Nantong began trading salt during the Tang dynasty (618 – 907). Near the end of the 19th century, the city had established companies specifically for foreign trade, and in the early 20th century, fabrics made in Nantong gained eminence across China and were even exported overseas.

A livable city

Nantong is a proud city, with a majestic landscape characterized by beautiful mountains and rivers.

- “Safety”: won the Chang’An Cup for public security in 2009; voted the safest prefecture-level city in China
- “Longevity”: With over 650 centenarians, Nantong makes up 40% of Jiangsu’s and 4% of the nation’s total; one of three places in China known for longevity
- “Culture”: Nantong Museum, China’s first – was established by the Qing-dynasty industrialist Zhang Jian more than 100 years ago

Examples of Zhang Jian’s contributions to China’s industrialization

<table>
<thead>
<tr>
<th>Category</th>
<th>Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign trade</td>
<td>In 1920, his Nantong Embroidery Company set up a branch in the U.S., the first offshore branch of a private Chinese firm</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>In 1899, he founded Dasheng Cotton Mill, China’s first incorporated textile firm</td>
</tr>
<tr>
<td>Agriculture</td>
<td>In 1901, he established Tonghai Farming Corp to develop coastal shallows and croplands</td>
</tr>
<tr>
<td>Water Management</td>
<td>He invited domestic and foreign water resource experts to develop a water management strategy for Nantong</td>
</tr>
<tr>
<td>Education</td>
<td>In 1902, he founded Tongzhou Normal Institute, one of the oldest of its kind in China</td>
</tr>
<tr>
<td>Transport</td>
<td>In 1904, he developed Tianshenggang Port, the first modern shipping port built and operated by Chinese along the Yangtze River. In 1905, he built the Gangzha Highway, China’s first private highway. In 1921, he constructed a railway track linking the Dasheng Third Factory and the Qinglong Port, the first railroad using private Chinese capital to fund its operations</td>
</tr>
</tbody>
</table>

Sources:
①Nantong government official website
②Nantong Bureau of Commerce
③Zhang Jian Memorial website
7.3 Healthcare Services

Healthcare services
By the end of 2010, Nantong had 1,673 medical institutions comprising 333 hospitals and clinics, and employing 31,000 healthcare professionals, with a total capacity of 26,000 patients.①

Affiliated Hospital of Nantong University②
The Affiliated Hospital of Nantong University is a provincial-level comprehensive teaching hospital with 1,861 beds and 2,264 employees. The hospital provides patients with safe, high-quality and efficient medical services with a “patient-centered” approach.

Nantong Rich Hospital③
Nantong Rich Hospital is China’s largest private hospital, with 856 beds and over 2,900 employees. The hospital is known for its professional, high-quality and patient-oriented services.

Healthcare facilities in the NSIP (in the planning stage)
The NSIP will build a number of healthcare facilities to provide Park residents and employees with vaccinations, medical examinations and other medical services.

A city-level hospital and two district-level hospitals are expected to be constructed within the next three years. Community clinics will be set up to make medical services even more accessible.④

The NSIP will issue Medical Green Cards to foreigners for added convenience when using medical services. Medical Green Card holders will benefit from "green channel" services in the hospitals within the Park and downtown Nantong. These services include:

• Appointment assistance
• Accompanied by a healthcare professional
• Professional assistance in dealing with registration and formalities
• High-quality bilingual services

Sources:
①Report on Economic and Social Development of Nantong 2010
②Affiliated Hospital of Nantong University website
③Nantong Rich Hospital website
④Compilation of conditions of NSIP; NSIP official website
7.4 An Eco-Friendly Community

Residential blocks (in the planning stage)

The NSIP plans to allocate 1,050 hectares of land for residential purposes. The residential community will feature convenient transportation, comprehensive facilities, a smart layout and picturesque surroundings. More specifically, the community will offer the following:

- A 28 hectare, grade 1 residential block located within the Riverside Recreational and Multipurpose Development Area. With scenic views, convenient transportation, modern entertainment and business facilities, it will be an excellent low-density residential complex that promises a leisurely and resort-like lifestyle.

- A 992 hectare, grade 2 residential blocks located in the middle of the Park, near the community center and along the river. With beautiful surroundings, the majority of these residential buildings will be multi-storied or medium high-rises.

Green landscaping

AECOM, a leading landscape design company based in the U.S., has been commissioned to design the first phase of the ecological landscape construction; and the Beijing Tsinghua Urban Planning and Design Institute has been invited to design the landscape for the Industrial Park.

With a view to creating a lush and beautiful green city, the NSIP’s regulatory body has set the landscaping budget at CNY 450 per square meter - a rate typically budgeted for luxury villa developments.

Profile of Jinke City

The planned land use of Jinke City is more than 1200 mu, with the total construction area of 1.4 million square meters. With a concept of "Future @ City", Jinke City has five functional parts. Phase I which is consists of villas, houses and high residential buildings has high performance price ratio and investment attribute. Phase II is business complex in which is five-star hotels, chain hotels, 5A office buildings and service apartments. Phase III is Binshui recreational and commercial district, and Phase IV is high-end villas and international apartments.

With the idea of "creating a city" that motivates Jinke City to forge an international environment for high-end talents to work and live in NSIP.

Profile of Sutong Binjiang Park

Sutong Binjiang Park standing in the core position of NSIP, the construction area covers 380,000 m2. The pure French construction here reflects an extraordinary taste, it is the chief French style community in NSIP. Phase I which can be completed in the year of 2014 covers 60,000 m², the main buildings are high rise building less than 12 floors with elevators, which is rather scarce in Nantong. These buildings create a comfortable, romantic and amiable living atmosphere. Meanwhile, the well-decorated French style community will be under construction synchronously, and can be opened to public in early 2013.
7.5 Tourism and Leisure

Tourism and leisure area within the NSIP
Riverside tourism and leisure area (in the planning stage)
Covering an area of 10 km², the riverside tourism and leisure area will take advantage of the river bank to create an ideal space for enjoying culture, sports, leisure cruises and an ecologically balanced lifestyle.

Tourism and leisure areas near the NSIP
Haohe River
In ancient times, the magnificent Haohe River once served as the city moat, although over the past several decades, it has been gradually transformed into a beautiful natural landscape. The river is known as Nantong’s “emerald necklace”.

Wolf Mountain
Standing gracefully and majestically, Wolf Mountain is one of the eight famous small Buddhist mountains in China. According to legend, a white wolf made its home on the mountainside, which is the reason for its name.

Golf courses
• Dongsheng International Golf Club
• Nantong Pengxin Golf Club

Source:
①Provided by NSIP
②Nantong government official website
Summary

This report analyzes the investment climate of the NSIP, and the following is a summary of features and benefits that may be attractive to investors.

Unique geographic advantage
Located in the heart of the Shanghai-Suzhou-Nantong small golden delta, the NSIP boasts 50 km² of land in the highly valued Yangtze River Delta area, and promises ample space for industrial development. The Park’s unique location, coupled with excellent access to international and domestic markets, makes the NSIP a rare development with distinct geographic advantages.

Efficient government support
As a key project for promoting economic cooperation between the Chinese and Singapore governments, the NSIP has been held in high regard and ardently supported by Singapore’s, Jiangsu provincial, Suzhou and Nantong municipal governments. Policies for industrial restructuring and upgrades have been tailored to attract the service industry and the high-tech sector. With a “people-oriented” approach, the government is prepared to focus on investors’ demand and offer one-stop service on business settlement, growth and development.

Sophisticated planning methods
The planning and management experience of Singapore’s industrial parks, combined with the application of international ecological, environmental and energy-saving technologies will help enable the NSIP to operate at levels that are both efficient and cost-effective. Leading planners, including SCP Consultants from Singapore and AECOM from the U.S., have been invited to help with the overall planning of the Park. Armed with a vision of a fully integrated city, they will help provide the NSIP with a strong operational foundation and work towards the complete integration of urban and industrial elements within the next five years.

Self-contained infrastructure
Construction of the NSIP began in September 2009. To date, 10 key components of the Park’s infrastructure have been completed and a 9.5 km² area of land has been leveled for construction. The Park currently boasts the highest grade of water and power supply available in the country, and features China’s first “smart park” in collaboration with China Telecom. With exceptional infrastructure, the NSIP is well-positioned to accommodate any large investment project.

Economic driver
After 30 years of economic reform, the Yangtze River Delta has become the Asia Pacific Region’s gateway to the world. Nantong has embraced the opportunity offered by regional integration and the government’s 12th Five-Year Plan to develop the coastal area, and aims to make a significant impact domestically and overseas. Moreover, the government has recognized the importance of innovation and consumer spending as drivers of economic growth. With the steady acceleration of Nantong’s technologically-driven transformation, Nantong will not only enhance its own economy, but will become an economic force that will impact the entire region, country and beyond.

Outlook
Looking ahead, the NSIP will inevitably face challenges, such as improving economic and social development, attracting qualified personnel, reducing resource and environmental constraints, and curbing rising production costs.

To meet these challenges and take advantage of new opportunities, during the 12th Five-Year Plan, the NSIP will leverage the benefits and preferential policies offered by the nation’s strategic plans. During Nantong’s economic transformation, the Park will strive to be an international hub for technological development, environmental protection and innovation, and an eco-friendly community that offers an attractive environment for both investors and residents. The NSIP is set to lead the next surge of global technological innovation, international capital transfer and industrial advancement, and play a key role in making the Yangtze Delta and Nantong one of the best investment destinations in China.
The Su-Tong Science and Technology Park Investment Evaluation Report ("this Report") has been prepared by Deloitte Touche Tohmatsu CPA Ltd. ("DTTC"). 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. 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 authorized for use by Comprehensive Management Office of the Su-Tong Science and Technology Park or sourced from the DTTC photo gallery.
As the areas in and around Nantong continue to develop, the NSIP’s business environment becomes increasingly attractive.

As of the first half of 2012, the Park had attracted a wide range of R&D and manufacturing initiatives that generate products such as automobiles, electronics, shipbuilding equipment, alternative energy and biotech medicine.

Existing projects in the NSIP

The Suzhou Nantong Science and Technology Park Investment Environment Evaluation Report

Existing companies as of June 2012

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Nation</th>
<th>Investment (Million)</th>
<th>Main business</th>
<th>Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Jiangsu Tristar Technology</td>
<td>Singapore</td>
<td>95</td>
<td>CTV systems</td>
<td>Precision machinery &amp; electronics</td>
</tr>
<tr>
<td>2</td>
<td>Nobao Energy (Nantong) Co., Ltd</td>
<td>Hong Kong</td>
<td>98</td>
<td>Geothermal applications &amp; contract energy management</td>
<td>Sustainable/ renewable energy</td>
</tr>
<tr>
<td>3</td>
<td>Jiangsu Noukai Automobile Technology</td>
<td>China</td>
<td>1,000</td>
<td>Automobiles</td>
<td>Sustainable/ renewable energy</td>
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<tr>
<td>4</td>
<td>Jiangsu Zhonggu OPPO-Electronics</td>
<td>China</td>
<td>800/Phase 1</td>
<td>LED wafers and chips</td>
<td>Advanced materials</td>
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<td>5</td>
<td>Doo Microcircuits</td>
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<td>6</td>
<td>Hiroshima Aluminum Industry (Nantong) Co., Ltd</td>
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<td>93</td>
<td>Automobile aluminum components</td>
<td>Precision machinery &amp; electronics</td>
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<td>7</td>
<td>Chubu Kagaku (Nantong) Co., Ltd</td>
<td>Japan</td>
<td>4.71</td>
<td>Automobile cast aluminum parts</td>
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<tr>
<td>8</td>
<td>Nantong Nobao Electro Co., Ltd</td>
<td>Hong Kong</td>
<td></td>
<td>Ground Source Heat Pump (GSHP) system manufacturing</td>
<td>Precisiona machinery &amp; electronics</td>
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<td>9</td>
<td>Nantong Tianfeng Electronic Materials</td>
<td>China</td>
<td>600</td>
<td>High-performance power cell separators</td>
<td>Advanced materials</td>
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<td>10</td>
<td>Jiangsu Hai'an Ship Electrical System</td>
<td>China</td>
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<td>Electronic and electrical systems for ships</td>
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<td>11</td>
<td>Shang Hai Lan Hao Electric Co., Ltd</td>
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<td>Advanced cable manufacturing</td>
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<td>12</td>
<td>Jiangsu Sigma Electric Appliance Co., Ltd</td>
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<td>Unum Technology Co., Ltd</td>
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<td>180</td>
<td>Internet of things</td>
<td>modern service industry</td>
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<td>14</td>
<td>Shaw Carpet (China) Co., Ltd.</td>
<td>US</td>
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<td>Carpet manufacturing</td>
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<td>15</td>
<td>Feili New Media Development Co., Ltd</td>
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<td>16</td>
<td>Ondo Shinsho Precision Technologies Co., Ltd</td>
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<td>17</td>
<td>Devon (Jiangsu) Medical Co., Ltd</td>
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<td>18</td>
<td>Jiangsu Longyan Biotechnology Co., Ltd</td>
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<td>Komori Machinery (Nantong) Co., Ltd</td>
<td>Japan</td>
<td>36</td>
<td>Advanced printing equipment</td>
<td>Precision machinery &amp; electronics</td>
</tr>
</tbody>
</table>
Utilities Cost
(Execute from Dec. 2011)

1. Electricity:

Table I:

<table>
<thead>
<tr>
<th>Voltage</th>
<th>0.38kV</th>
<th>1-10kV</th>
<th>20kV</th>
<th>35kV</th>
<th>110kV</th>
<th>220kV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit Price (RMB/KWH)</td>
<td>0.5283</td>
<td>0.5183</td>
<td>0.882</td>
<td>0.867</td>
<td>0.861</td>
<td>0.852</td>
</tr>
<tr>
<td>Demand Charge</td>
<td>RMB30/kVA.Month or RMB40/kW.Month</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Ordinary Industrial & Commercial and others

Big Industry *

*Big Industry refers to industries with installed transformer capacity of 315kVA and above.

Differential Electricity Schedule is applicable to all Ordinary & Big Industries with transformer capacity 100kVA and above, details are as follows.

Table II. Differential Electricity Schedule for Big Industry Consumer:

<table>
<thead>
<tr>
<th>Voltage</th>
<th>Peak</th>
<th>Normal</th>
<th>Off-peak</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-10kV</td>
<td>1.112</td>
<td>0.667</td>
<td>0.322</td>
</tr>
<tr>
<td>20kV</td>
<td>1.012</td>
<td>0.661</td>
<td>0.320</td>
</tr>
<tr>
<td>35kV</td>
<td>1.087</td>
<td>0.652</td>
<td>0.317</td>
</tr>
<tr>
<td>110kV</td>
<td>1.062</td>
<td>0.637</td>
<td>0.312</td>
</tr>
<tr>
<td>220kV</td>
<td>1.037</td>
<td>0.622</td>
<td>0.307</td>
</tr>
</tbody>
</table>

Table III. Differential Electricity Schedule for Ordinary Industries:

<table>
<thead>
<tr>
<th>Voltage</th>
<th>Peak</th>
<th>Normal</th>
<th>Off-peak</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.38/0.22kV</td>
<td>1.470</td>
<td>0.882</td>
<td>0.394</td>
</tr>
<tr>
<td>1-10kV</td>
<td>1.445</td>
<td>0.867</td>
<td>0.389</td>
</tr>
<tr>
<td>20kV</td>
<td>1.435</td>
<td>0.861</td>
<td>0.387</td>
</tr>
<tr>
<td>35kV</td>
<td>1.420</td>
<td>0.852</td>
<td>0.384</td>
</tr>
</tbody>
</table>

Peak: 08:00-12:00; 17:00-21:00; Normal: 12:00-17:00; 21:00-24:00; Off-peak: 00:00-08:00.

2. Water

Running water for Industrial & Commercial use: RMB 1.83/m³ (excl. sewage fee)
Household Consumption: RMB 2.60/m³ (incl. sewage fee RMB 1.02/m³)
Water for Special Use (Car wash, Construction etc.): RMB 4.30/m³ (incl. sewage fee RMB 1.42/m³)

3. Waste Water Treatment

A. RMB 1.17/ton in compliance with GB8978-1996 Category-III (COD 500, BOD 300, PH6-9, SS400).
B. Surcharge RMB 0.5/ton if main pollutants index is one time higher than the set limit.

4. Steam

Steam Supply
Meiya steam plant: capacity 400ton/h; pressure 1.47Mpa (350°C) and 3.5Mpa (380-400°C).
Meiya Co-gen. Steam:

- Low pressure 1.47Mpa: RMB 222/ton (incl. tax)
- Middle pressure 3.5Mpa: RMB 247/ton (incl. tax)

Jiangshan steam plant: capacity 300ton/h, max. capacity 450ton/h; pressure 1.0MPa (300°C) and 2.2MPa (360°C).

Jiangshan Agro-chemical Co-gen. Steam:

- Low pressure 1.0MPa: RMB 222/ton (incl. tax)
- Middle pressure 2.2MPa: RMB 235/ton (incl. tax)

(Special offer is negotiable for VIP users)
(Note: The Steam price mentioned above always fluctuates according to the market condition, e.g. coal price, etc.)

5. Industrial Gas

Air Liquid France and Leader Gas: supply industrial gases like hydrogen, nitrogen, oxygen, argon etc.

6. Gas

LNG: 5.55/m³
Natural Gas: 4.50/m³
Directions to NSIP

Head east after exiting the Wuxi Shuofang airport, turn left at the first intersection and travel along Jichangzhi Road. Turn right on State Road 312, and head to the Beijing-Shanghai Expressway, then turn left at next the fork and take the Suzhou Taihu Lake Tourism & Resort Exit. Turn left at the intersection of Suzhou-Shaoxing Highway, then take the Sutong Bridge Exit. Travel on the Changzhou-Taizhou Highway, turn left at the intersection to Shenyang-Hainan Highway and take the Zhangzhishan Exit. On Provincial Highway 336, turn left at the intersection and continue to the left of the fork along Provincial Highway 336. The NSIP is located on the right side of Provincial Highway 336.

Go east after leaving the Suzhou Industrial Park, take the Sujiahang Highway Exit, travel on Changzhou-Taizhou Highway after exiting Suzhou-Jiaxing-Hangzhou Highway, turn left at the intersection to go to Shenyang-Hainan Highway. Take the Zhangzhishan Exit, and on Provincial Highway 336, turn left at the intersection and continue to the left of the fork along Provincial Highway 336. The NSIP is located on the right side of Provincial Highway 336.

Go south on Yingbinyi Road after leaving the airport, taking Konggangba Road, turn right at the intersection to take the Shanghai-Chongqing Highway. Take the Xiahai Highway (Jiajin) Exit, to switch onto the Shenyang-Hainan Highway. Take the Zhangzhishan Exit to reach Provincial Highway 336 and turn left at the intersection. Continue to the left of the fork along Provincial Highway 336. The NSIP is located on the right side of Provincial Highway 336.

Go south on Pudong Airport Road after leaving the airport, turn left at the intersection of Yingbin Highway, and head to Waihuan Highway. Take the Cao’an Highway Exit going to the Beijing-Shanghai Expressway. Take the Suzhou/Zhonghua Exit, and turn left at the intersection of the Beijing-Shanghai Expressway. Take the Nantong Exit and head to the Shenyang-Hainan Highway. Take the Shenyang-Hainan Highway (Jiajin) Exit and travel on Shenyang-Hainan Highway. Take the Zhangzhishan Exit and travel provincial Highway 336. Continue to the left of the fork along Provincial Highway 336. The NSIP is located on the right side of Provincial Highway 336.

Convenient transportation
- 71 km from Suzhou Industrial Park
- 98 km from Wuxi Shuofang Airport
- 97 km from Shanghai Hongqiao International Airport
- 151 km from Shanghai Pudong International Airport
Directions to NSIP

**Nantong Railway Station**
From Nantong Railway Station: about 30 minutes
Taxi: Travel on Yongxing Avenue via Xihuan Road, switch onto North Waihuan Road via Changhua Road. Travel on South Gongnong Road, and the NSIP will be situated along Xinhu Avenue via South Changjiang Road.

**Nantong Xingdong Airport**
From Nantong Xingdong Airport: about 30 minutes
Taxi: Travel on Provincial Highway 335, switch onto Shenyang-Hainan Highway and travel to the directly to the NSIP via Provincial Highway 336.

**Nantong Terminal**
From Nantong Bus Terminal: about 30 minutes
Taxi: Travel on West Waihuan Road via West Renmin Road, turn right at Huandao and travel on Hongqiao Road. Turn left to travel on Mid Changjiang Road, and turn right again at Hongjiang Road to travel on South Gongnong Road and the NSIP will be situated along Xinhu Avenue via South Changjiang Road.