

**Deloitte.**  
德勤

# Report on the Investment Environment of Changning District, Shanghai





### Map of China

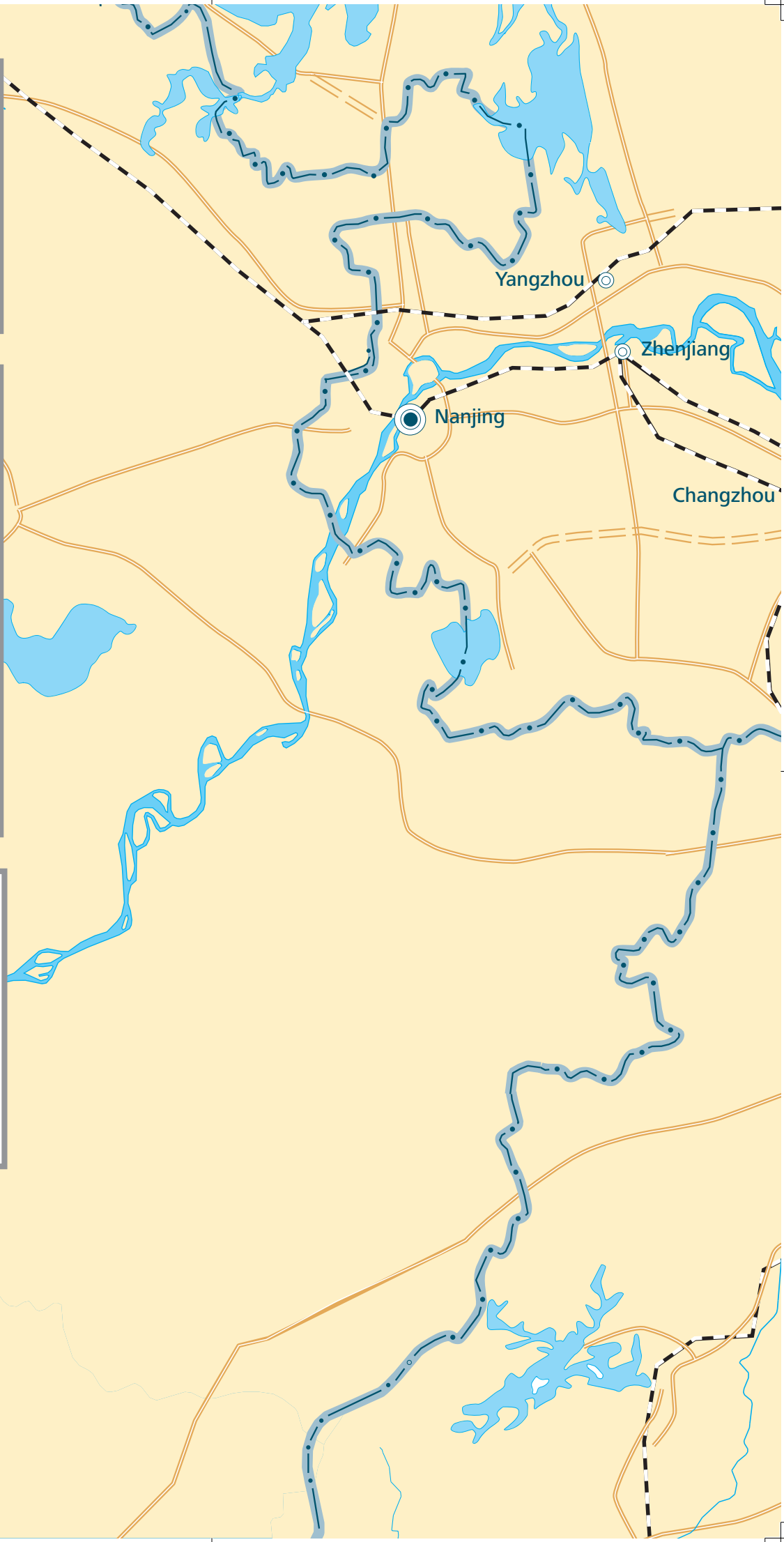


### Map of the Yangtze River Delta region



### Legend

- Provincial Capital
- Major Cities
- Railway Station
- Airport
- Port
- Wharf
- Boundaries of Province, autonomous region and municipalities
- Expressway
- Railway
- Fresh water lake, salt water lake

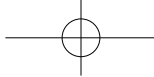






# Geographical Location of Shanghai Changning District





# Foreword

Changning District, which is located on the western side of downtown Shanghai, has been at the forefront of China's economic reform and opening up policies, and is a prime example of the benefits of urban development. The ascension of "Greater Hongqiao" has brought unprecedented development opportunities to Changning District, and by leveraging its geographical location and pioneering activities, Changning District will be well poised to take advantage of opportunities arising from a new round of development.

The Business Commission of Changning District (hereinafter "Changning Business Commission") commissioned Shanghai Deloitte Tax, Ltd. (hereinafter "Deloitte" or "we") to carry out an objective evaluation of the investment environment of Changning District. The report is designed to provide potential investors with relevant information about the factors that may affect their investment decisions.

The report describes the investment environment of Changning District in the context of five factors of most interest to investors:

- Government services
- Business environment
- Human resources
- Infrastructure
- Living environment

Deloitte conducted an independent analysis of Changning District using qualitative and quantitative studies, field reviews and interviews with representatives of enterprises established in the area. The report has been compiled from two perspectives: importance and satisfaction.

The report incorporates Deloitte's understanding of Changning District's development plan and investment policies to illustrate the advantages of, and prospects for, the district.

## I. Advantageous Geographical Location

Situated in Shanghai city center, Greater Hongqiao, is a mainstay of economic growth in the western part of the city. Changning district occupies an important strategic location that gives it the potential for further wide scale development, as reflected in Shanghai's "Four Centers" development plan and the integration process taking place in the Yangtze River Delta region. The Hongqiao Integrated Transportation Hub – the 26 km<sup>2</sup> area that incorporates an airport, high-speed rail, a metro railway and access to nearby highways – enables Changning District to sustain its role as an integrated transportation network hub with access to the entire Yangtze River Delta region.

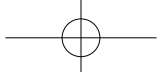
## II. Robust Economic Foundation

In recent years, all of Changning District's major macroeconomic indicators have maintained steady growth trajectories, highlighting the district's prominent position in the economic development of Shanghai city center. The district's ongoing industrial optimization initiative and the development of its trade-driven modern services sector have produced a well-developed industrial system distinguished by its ability to offer economies of scale, creating a harmonious, win-win development environment for foreign and domestic investment. In particular, the outstanding conditions for business cooperation deriving from the highly-evolved modern services infrastructure have made Changning District a prime choice for multinational corporations wishing to set up regional headquarters.

## III. Dynamic Urban Environment

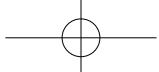
Changning District is able to offer not only a highly internationalized business environment, but also a top-quality cultural environment and living conditions that combine eastern and western features. Many of Shanghai's foreign consulates and diplomatic residences are located in Changning District, and about one third of the city's permanent foreign residents live and work in the district. Changning District is renowned for its garden-style homes, unique architecture, cosmopolitan environment and cultural heritage, exemplifying "Shanghai-style culture."





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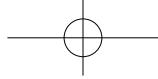
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# 1. Overview of Changning District's Investment Environment

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# 1.1 Changning Today



Over the coming years, Chinese market will continue to attract foreign investors keen to make the most of opportunities offered by the world's largest consumer market, Changning district will likely face its fair share of challenges as a result of the uncertainties arising from the economic restructuring necessary in this complex economic climate.

## **Shanghai's Importance to China's Ability to Compete in the World**

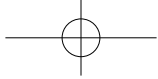
Lying at the heart of the Yangtze River Delta region's "one-hour economic zone," Shanghai continues to demonstrate its growing influence, both as a city that has seamless connections to all China's regional economies and in terms of the crucial role it plays in China's economic growth. In global terms, Shanghai serves as an entry point for foreign enterprises wishing to expand into the Chinese market, and a prime location for the headquarters of foreign companies.

## **Hongqiao, Shanghai's Engine for Economic Growth**

As a transportation and a trading hub, the scope of Hongqiao's role gradually has expanded and, at the beginning of the 21st century, the establishment of the Hongqiao Integrated Transportation Hub was a fresh catalyst for a new round of development in Hongqiao and its surrounding areas. The Greater Hongqiao area currently is engaged in a historic undertaking that will build up the western part of Shanghai to mirror the achievements of Pudong New Area in the eastern part of Shanghai.

Greater Hongqiao and Pudong New Area districts will be key to Shanghai's new wave of economic development, as they promote the implementation of national commercial and economic development strategies in the city. Shanghai's modern services infrastructure now extends from Hongqiao to Pudong. Greater Hongqiao is the western epicenter for Shanghai's deployment of modern services, boasting cutting-edge buildings and pleasant parks, the presence of a large number of corporate headquarters and healthy economic growth.





# 1.1 Changning Today (cont'd)

Modern services and emerging industry clusters in Shanghai's urban core are integrated with the Greater Hongqiao area, and the Hongqiao Integrated Transportation Hub is central to the multi-option transportation systems of the Yangtze River Delta region.

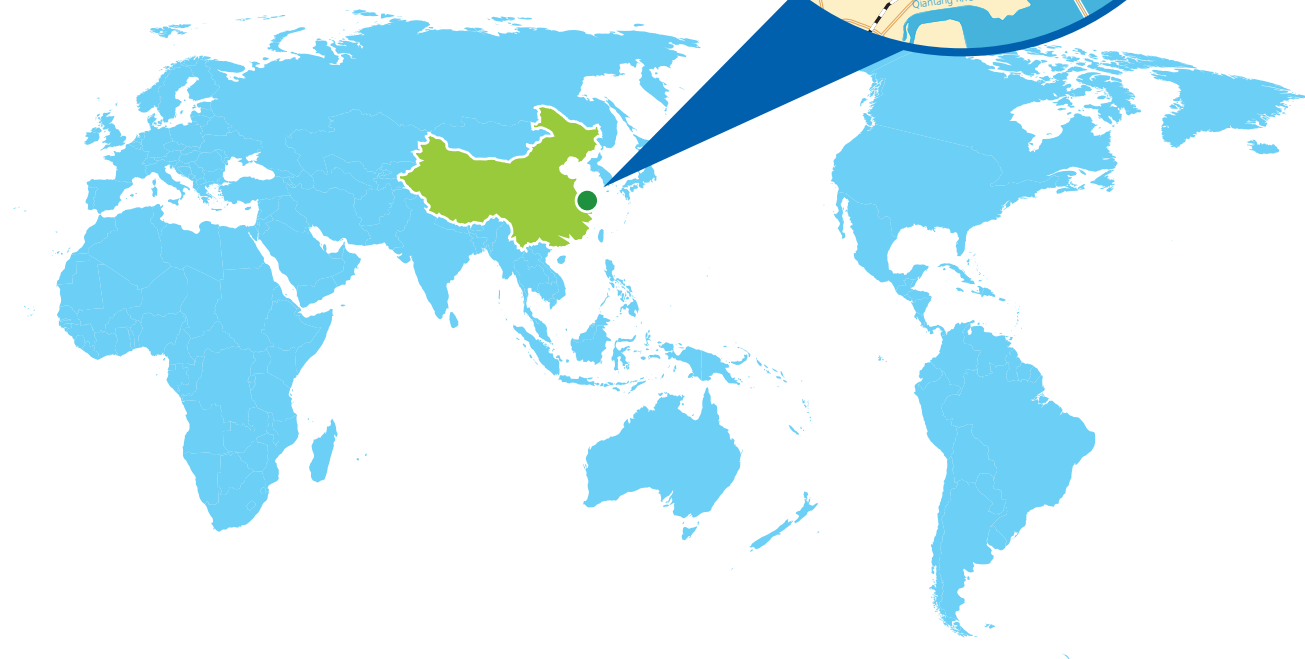
### Changning, Hongqiao's Core Strategic Development

Changning District is both the gateway to western Shanghai and a key component in the strategic development of Greater Hongqiao; the Hongqiao Economic and Technological Development Zone is located in Changning District. Changning's importance to Hongqiao as a driver of growth and a proving ground for Hongqiao's ambition to become a "smart" city and an international business center are making it the heart of Hongqiao Business Center, and at the same time, a vital component in the development of western Shanghai as a whole.

As Greater Hongqiao boosts Shanghai's overall strategic development, Changning District plays a decisive, strategic role by serving to connect Greater Hongqiao to Shanghai city center.

Changning District's proximity to the Hongqiao Integrated Transportation Hub gives it an advantage in attracting and retaining passenger traffic. The district also is the main beneficiary of the economic growth created by the Hongqiao business zone. Changning District is also home to Shanghai Hongqiao International Airport which travel significantly easier for visitors doing business in the district.

### Changning both lends Hongqiao charm and shares its brilliance



# 1.2.1 Economic Development: Practical Economic Structure

## Continued Economic Growth



In 2013, Changning District reported GDP of RMB 84,632 million, representing an annual increase of 12.4% and accounting for 11.54% of the gross output value of Shanghai city center. From 2009 to 2013, Changning District's GDP accounted for a significant percentage of the city's GDP.

## Dominant Tertiary Sector



In 2013, Changning District's tertiary sector reported an added value of RMB 80.06 billion, representing an annual increase of 8.6% and accounting for 94.6% of local GDP.

Following adjustments and upgrades to Shanghai's industrial structure, the added value reported by Changning District's tertiary sector grew annually in proportion to total output value from 2009 to 2013 and the service-based industry sector continues to grow.

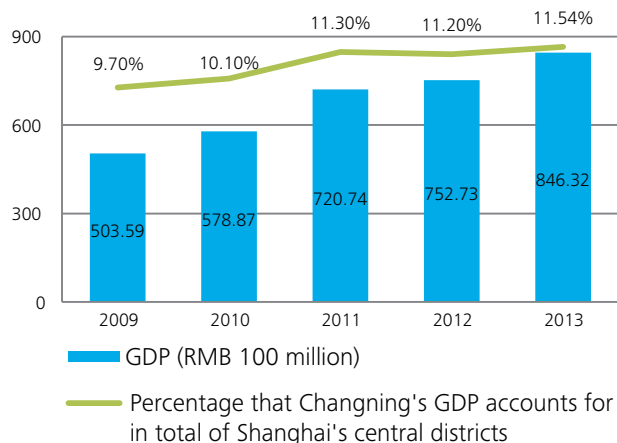
## Rapid Development in Modern Services



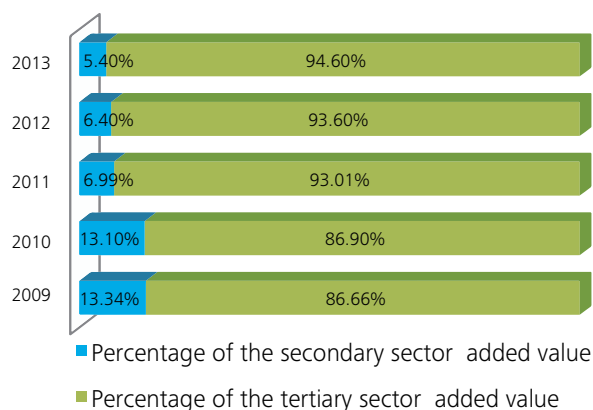
By the end of 2013, about 120,000 modern service enterprises were operating in Changning District, accounting for three quarters of companies operating in the tertiary sector. In the same year, the total turnover of modern service enterprises was more than RMB 1,200 billion, accounting for over 90% in the district. The modern services sector has become a primary driver of economic growth.

## GDP of Changning District

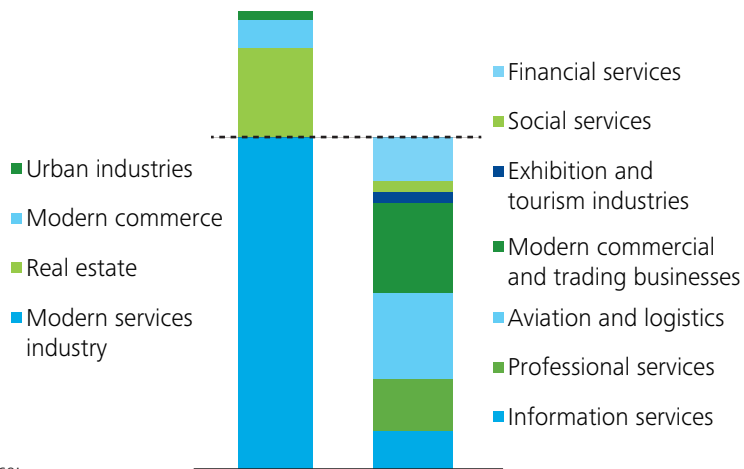
Unit: RMB 100 million



## Changning District's industrial distribution (by added value percentage)



## Distribution of Changning District's tertiary sector (by tax contribution)



Source:  
Changning Statistics Manual  
Changning Annual Report

## 1.2.2 Economic Development: the Business Environment

In 2013, nearly 2,600 new enterprises were established in Changning District, representing an annual increase of 7.5% over 2012. In the last five years, the number of investors establishing enterprises in Changning District has been on the rise, strong evidence of the district's profitable business environment.

### Foreign Capital and the Private Economy

There were about 23,000 enterprises in Changning District by the end of 2013, including:

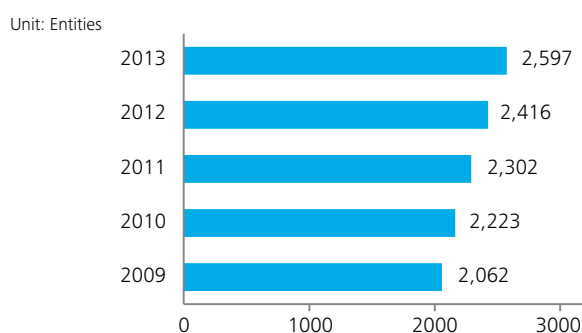
- 5,800** foreign-invested enterprises, accounting for about 25% of the total number of enterprises in the city and representing the significant advantages of an export-oriented economy
- 3,300** domestic enterprises, accounting for about 15% of the total number of enterprises in the city
- 13,500** private enterprises, accounting for about 60% of the total number of enterprises in the city

Over the last five years, the number of foreign-invested enterprises in Changning District has been on the rise, with some 5,000 foreign-invested enterprises arriving since 2012. The number of private enterprises also is growing annually.

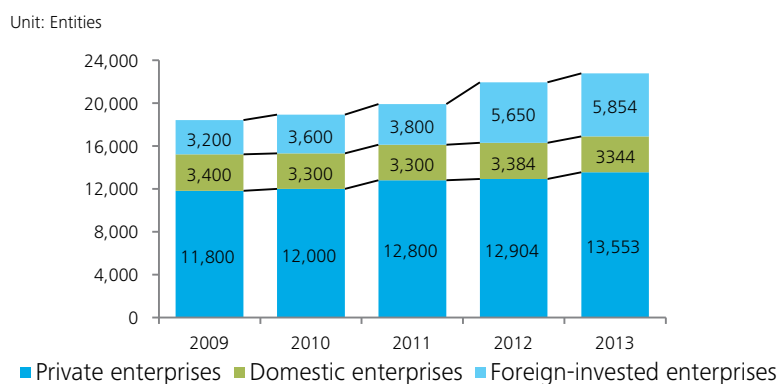
### Premier Choice for Corporate Headquarters

By the end of 2013, Changning District was home to the regional headquarters of more than 40 multinationals accounting for one-tenth of Shanghai's total number of headquarters-based enterprises and putting Changning District at the top of the list of district's within Shanghai city.

### Number of newly established enterprises in Changning District



### Number and classification of enterprises setting up in Changning District



### Deloitte Perspectives

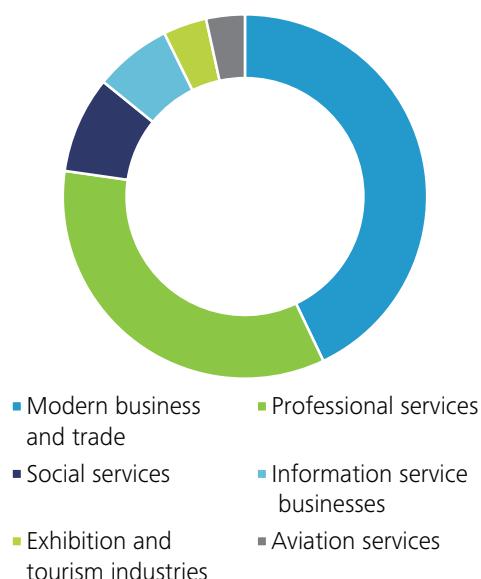
Opinions voiced by managerial representatives of regional headquarters of multinational corporations established in Changning District indicate that decision-makers generally believe that Changning District enjoys significant geographical advantages. These advantages allow enterprises to conveniently manage business departments in various locations, as well as deploying their upstream and downstream industrial chains. Changning District's excellent business environment provides comprehensive support services to help corporate headquarters carry out their management functions.

Source:  
Changning Statistics Manual  
Changning Annual Report



# 1.3.1 Changning's Advantages: A Haven for the Development of Modern Services

**Various types of businesses in Changning's modern service sector (by percentage of enterprises)**



Changning District has certain advantages in terms of the level of modern services sector, as reflected in its successful industrial clustering, well-developed support services and internationally-oriented business environment. With regard to the deployment of modern services in Shanghai, the development of Changning District is integrated with the strategic development of Greater Hongqiao. Changning District evolves into a center for modern services in western Shanghai.

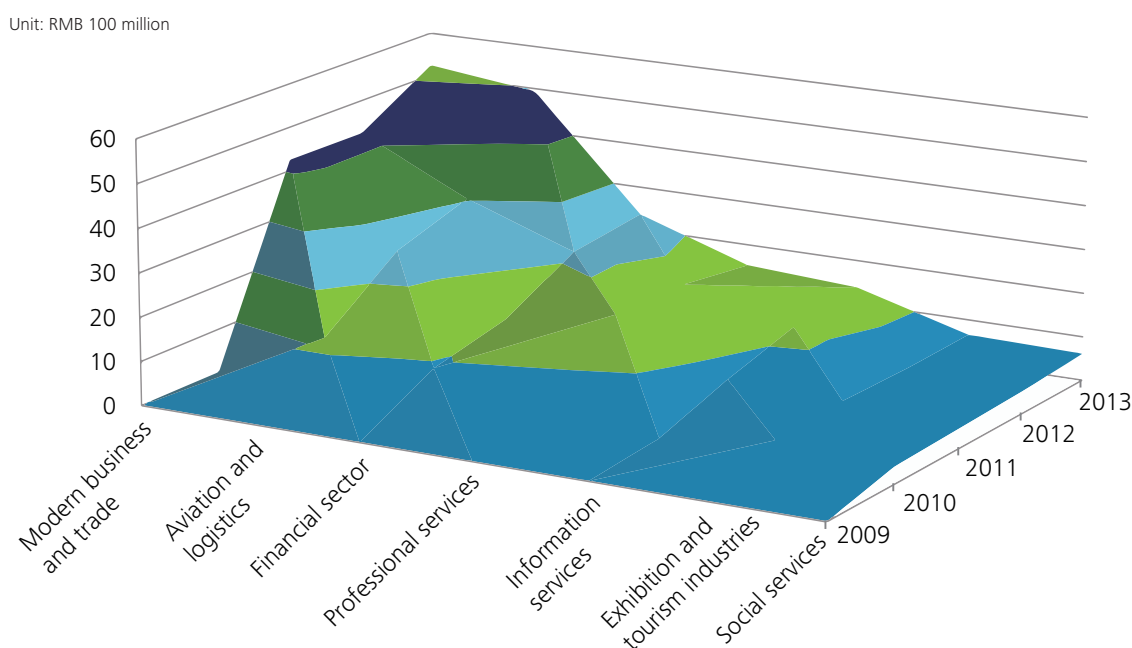
### Rapid Industrial Development and Significant Economies of Scale

Changning District is committed to optimizing its modern service structure and upgrading its industrial capacity by making the most of its strategic location and the geographical advantages offered by Hongqiao Business District and the Hongqiao Transportation Hub. Since 2010, the district has witnessed rapid growth in various types of modern services, such as modern business and trade, aviation and logistics, professional services, and information services.

### Peripheral Industry Clusters – Impact on Surrounding Areas

The successful development of the modern services industry requires a sound infrastructure. The concentration of business, trade and commerce generates industrial synergies that positively affect and drive the progress of surrounding areas.

**Scale of various business types in Changning District's modern service sector (by tax contribution)**

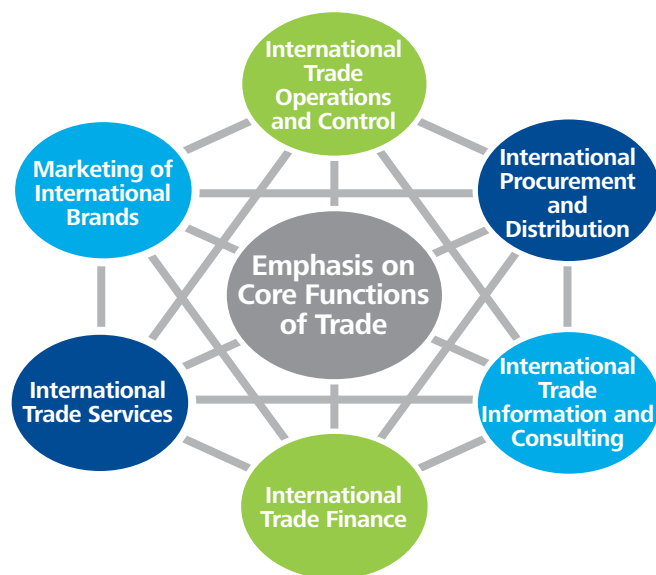


Source:  
Changning Statistics Manual  
Changning Annual Report

## 1.3.2 Changning's Advantages: Trailblazer for the Development of Trade

Changning District has attained a key strategic position in Shanghai's development thanks to its integrated network of business facilities and solid economic base. Hongqiao Economic and Technological Development Zone is home to more than a quarter of all the international trade organizations in Shanghai. The zone also features many commercial and trade service facilities, including the Shanghai Foreign Investment Service Center, the Shanghai International Sourcing Promotion Center and the Shanghai WTO Affairs Consultation center.

According to the blueprint for the development of Shanghai's Four Centers, Changning District is an important platform for the Shanghai International Trade center, and will play a leadership role in the new wave of development. Trade will be the main driver of the development of the modern service and modern business sector and will therefore have a pivotal role in the strategic transformation and upgrading of Changning District's industrial systems.



### Import and Export Volume Levels

In 2013, Changning District had a total import and export trade volume of USD 5.24 billion: exports were USD 1,399 million and imports USD 3,841 million. In 2012 and 2013, Changning District was ranked highest among the districts in Shanghai city (excluding Pudong) in terms of total import and export volume.

Source:  
Changning Statistics Manual  
Changning Annual Report

### Development of Trade Services to Enhance International Competiveness

Over the next 5 to 10 years, the sector likely to experience the greatest increase in global competition will likely be the trade services sector. Changning District's comprehensive modern services sector offers favorable conditions for a rapid growth in trade services.

### Development of Service Platforms to Facilitate Trade

Changning District is utilizing trading facilities, such as assistance with import business and trade services, to promote trade development. The District remains aggressively committed to developing a series of functional service platforms designed to facilitate trade.

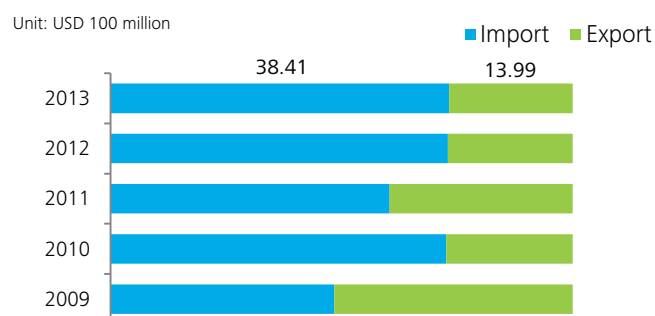
### Enhancing Support Services to Improve the Industrial System

High value industries, such as modern business and trade, aviation and logistics services, e-commerce, financial services, professional services and exhibition services, constitute a comprehensive industrial chain, helping to create an excellent environment for trade and its continuing development.

### Creating an Environment Attractive Major Trading Enterprises

Changning District capitalizes on its superior industrial development environment and government services to attract both domestic and foreign trade organizations, and the headquarters of multinational corporations. At the same time, small to medium-sized enterprises and entrepreneurial trade companies are provided with an efficient development platform with a view to promoting the clustering of various types of major industry groups.

### Changning District: Import and Export Volume

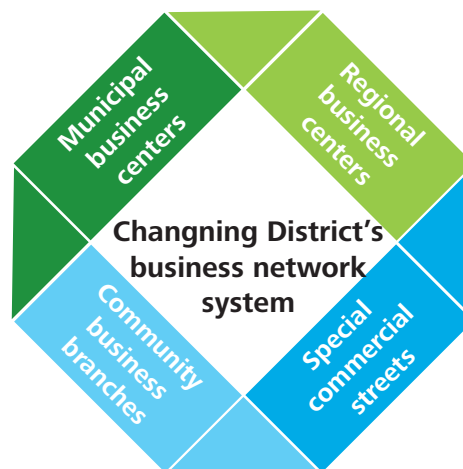


# 1.3.3 Changning's Advantages: Leading Edge for Modern Businesses

## Market System

After the construction of Shanghai Hongqiao International Airport, a wide range of Shanghai's resources were clustered in the western part of the city. As a result, the district's business facilities and living environment continued to improve, gradually transforming the district into a well-developed business center and densely populated international community.

In recent years, Changning District has embraced a number of historic opportunities, including the World Expo, the construction of the Hongqiao Transportation Hub and the establishment of Hongqiao Business District. This evidences the district's commitment to expanding its business capacity and creating a business network system that integrates the attributes of municipal business centers, regional business centers, special commercial streets and community business outlets.



## Modern Businesses Promote Joint Industrial Development

In the context of the strategic development of Shanghai's Four Centers, modern commerce will continue to play an important role in supporting business activity as a whole and creating a pleasing urban environment, as well as promoting Changning District's industrial transformation and upgrading. Changning District will keep any eye on economic conditions and trends with a view to capitalizing on its three major advantages – geographical location, industry and culture – and building an international business hub and developing a "shoppers' paradise."

## Stability and Prosperity in the Consumer Market

From 2009 to 2013, commercial sales in Changning District experienced a compounded annual growth rate of 24.2%. Over the last five years, expenditure in wholesale and retail businesses has been steadily on the rise.

The 2010 World Expo's positive impact on consumer spending encouraged businesses in Changning District to begin widening their trade mix in 2012, which should help boost growth in 2014 to 2015.

### Total Retail Sales of Consumer Goods in Changning District

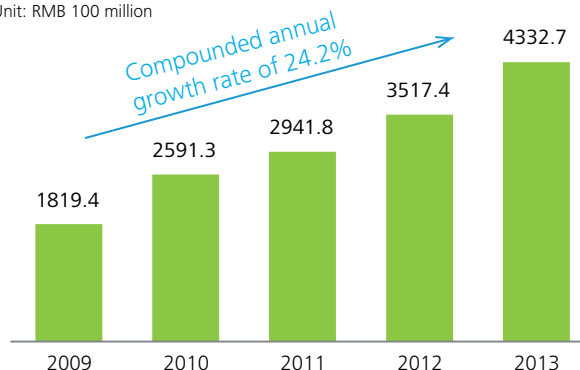
Unit: RMB 100 million



Source:  
Changning Statistics Manual  
Changning Annual Report

### Total business sales in Changning District

Unit: RMB 100 million

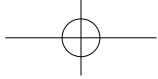






## 2. Government Services

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  - 2.3 Further Promotion of the  
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  - 2.4 Enhancing Core Businesses
  - 2.5 Corporate Incentives for Scientific and  
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# Introduction

Following the practical guidance of the country's industrial policies, Shanghai's Changning District government is actively creating its own development model, with a reliance on the availability of effective, utilitarian government services. The government is focusing on providing services to meet the needs of both local residents and corporations. It already has established a favorable business environment by setting up commercial and public service trading platforms, helping to speed up the formation of the corporate headquarters industry cluster, encouraging innovation by vigorously promoting the conversion of technological achievements for commercial use and recognizing the importance of human resources through its ongoing efforts to optimize the development environment for personnel. By offering highly efficient, fair and interactive government services, Changning District is putting into practice the philosophy of "serving the economy, economic restructuring and enterprises" and building a high quality, vibrant urban district characterized marked by the ample areas given over to green space.

## Corporate Testimonial

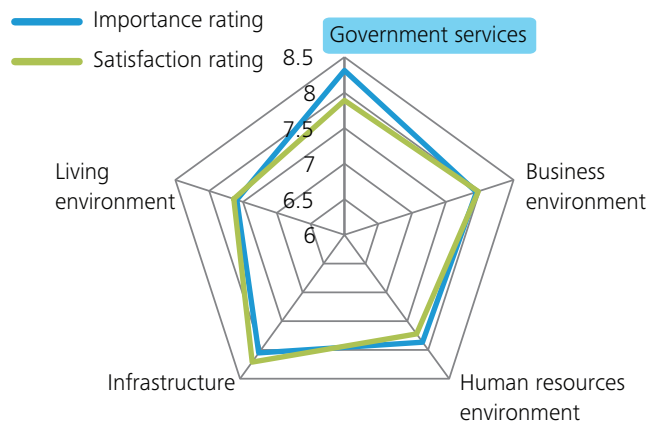
The availability of highly efficient government services is a very important factor for enterprises. The transparency and fairness of Changning District government, along with its initiative to publicize its government information allows us easy and timely access to policies and guidance. At the same time, the government has taken the initiative in acting as a "matchmaker" for our business needs, and has provided a great deal of useful advice. These government attributes serve as a powerful guarantee for the future development of our business.

——Bechtel (China) Engineering & Construction Co., Ltd



# 2.1 Government Services: Research Summary

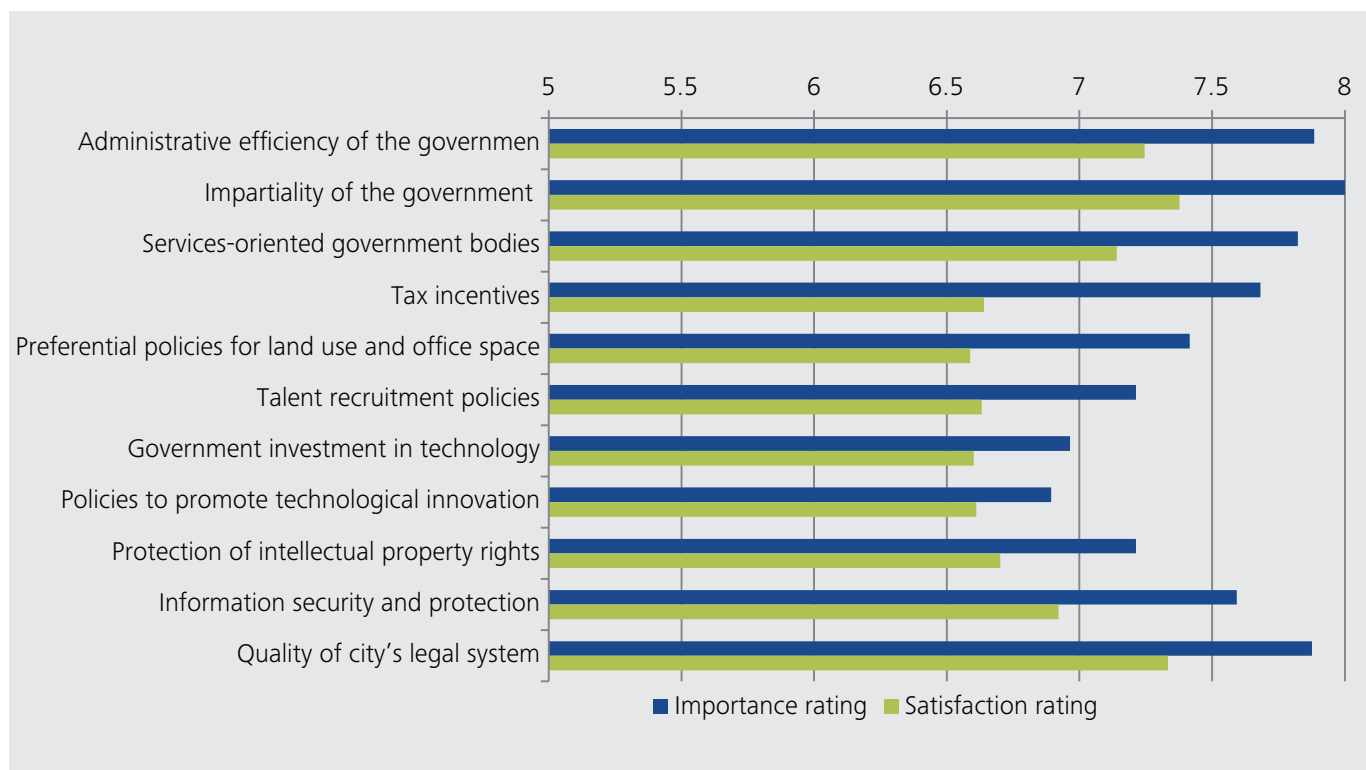
## Levels of Importance/Satisfaction



## Questionnaire Feedback

- The importance category scored 8.3 points, and the satisfaction category scored 7.9 points (out of a possible 9 points);
- The answers to the questionnaire showed that enterprises believed that the impartiality of the government, the administrative efficiency of the government, and the quality of the city's legal system were the most important government service factors;
- The answers to the questionnaire also showed that enterprises were most satisfied with the impartiality of the government, the administrative efficiency of the government, and the quality of the city's legal system.

## Breakdown of Importance/Satisfaction





## 2.2 Improving the Administrative Efficiency of the Government

### People-oriented Initiatives to Improve Efficiency of Administrative Services

#### Combined review and approval system in place to facilitate the administrative review and approval procedures:

The "combined review and approval" system simplifies review and approval procedures by adopting the "Acceptance, payment and certification" model, which shortens the time for completing registration procedures (i.e., registration with the local Administration of Industry and Commerce, organization code registration, and tax registration) to five working days, thus improving the efficiency of the corporate registration process.

#### Streamlined Registration (trial version):

- Priority application: if the operating scope of a branch exceeds that of the entity of which it is a part, the application to register the branch will be prioritized
- One-time application: where there are multiple branches, the one-time business registration application will be processed within one year following the establishment of the branches.
- Group application: where there are over 50 branches, the head office is may file a single group business registration application with the registration body.

### Innovative Practices to Promote Market Regulation

#### Improved System for Annual Inspections:

The system for reporting and filing annual inspections has been improved and an online annual inspection system for enterprises has been launched. The number of paperless annual inspections for pilot enterprises has increased and online annual inspections are encouraged. Branches of large enterprises may opt to continue with centralized annual inspections.

#### Enhanced services for innovative industries:

- The Changing District Government will support onsite annual inspection services for key enterprises.
- Express annual inspection services will be provided to enterprises engaged in alternative energy, civil aerospace manufacturing, advanced heavy equipment, biomedicine, electronic information, alternative energy vehicles, marine engineering, advanced materials, software, information services, etc. In addition, under a new simplified on-the-spot audit process, such enterprises will be exempt from the obligation to submit an audit report.



Open to the public

- Changing District's administrative center will provide "one door" services, thus simplifying processing procedures and providing added convenience for applicants.
- Administrative procedures on the online platform have been broadened, and 10 administrative review and approval procedures have been eliminated. Currently, 355 administrative review and approval procedures may be completed via the online platform.



Interactive

- On Sina's microblogging platform, "Changning, Shanghai" has 110,000 followers with 150,000 microblogging posts and 65,000 comments;
- In 2013, The Changning District Government received almost 100,000 inquiries from citizens, of which over 70,000 inquiries were made via telephone, over 20,000 were made in in-person interviews, and over 1,000 were submitted via the Internet.



Highly efficient

- In 2013, Changning District published almost 4,000 government information related messages, of which over 3,400 were proactively disclosed, with the proactive disclosure rate reaching 90%. The special "Disclosure of government information" column also attracted over 3.4 million views..

## 2.3 Further Promotion of the Headquarters Economy

One of Shanghai's important initiatives is the encouragement and support of multinational corporations wishing to establish their regional headquarters in the city. A convenient registration process and portfolio of practical "one-on-one" services allow the Changning District Government to offer an "express channel" for headquarters-based enterprises wishing to settle in the district.

### Convenient Registration Facilities Assist with the Establishment of Headquarters in Changning District

The Changning District Government advocates a large, vigorous headquarters-based economy, and provides highly efficient and convenient registration services for investment and the development of various kinds of leading enterprises. These government services can provide invaluable support for corporate headquarters and functional institutions established in Changning District.



### People-Oriented Government Services Promote the Headquarters Economy

As regards service-based enterprises, the Changning District Government's focus on "enterprise-oriented" practices is gradually transforming the original "development-oriented model" which was geared to encouraging the establishment of enterprises to a "service-oriented model" catering to the needs of established enterprises.

### Practical Policies Encourage Growth and Expansion of Headquarters

Shanghai's Municipal Government encourages the development of regional headquarters of multinational corporations and provides a series of preferential policies to eligible enterprises. Against this background, the Changning District Government is also actively encouraging multinational corporations to establish their regional headquarters in Changning District, and also providing "customized" policies and services to cater to the development of headquarters-based enterprises.

#### Shanghai Municipal Government's Policies for the Development of Regional Headquarters

Set-up services	Newly registered investment companies that qualify as regional headquarters may be eligible for set-up services
Enhance headquarters' function	Once recognized as regional headquarters, newly registered investment companies and management companies may be eligible to more specific services.
Incentives for improvement in industrial capacity	Multinational corporations that establish their Asian, Asian-Pacific or wider regional headquarters may receive additional benefits.
Other benefits	Multinational corporations that establish their regional headquarters will qualify for services covering personnel mobility, fund management, customs clearance, etc.

#### Deloitte Perspectives

In recent years, many multinational corporations have established themselves in Changning District. In addition to the benefits deriving from the district's geographical location and the advantageous business environment, the development of modern services in Changning District has also played a very important role in advancing the community offices. The community offices are not only responsible for communicating between governments and enterprises, but also take the initiative in providing a wide range of information. They thus serve as windows that will greatly assist enterprises in resolving issues arising from their business operations.

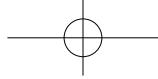
Highly efficient and convenient registration process

Personal "one-on-one" service

Generous support from government policies

Source:

"Shanghai's pilot scheme for utilization and management of special funds to encourage the development of regional headquarters of multinational corporations" (Hu Cai Qi [2009] No. 8)



## 2.4 Enhancing Core Businesses

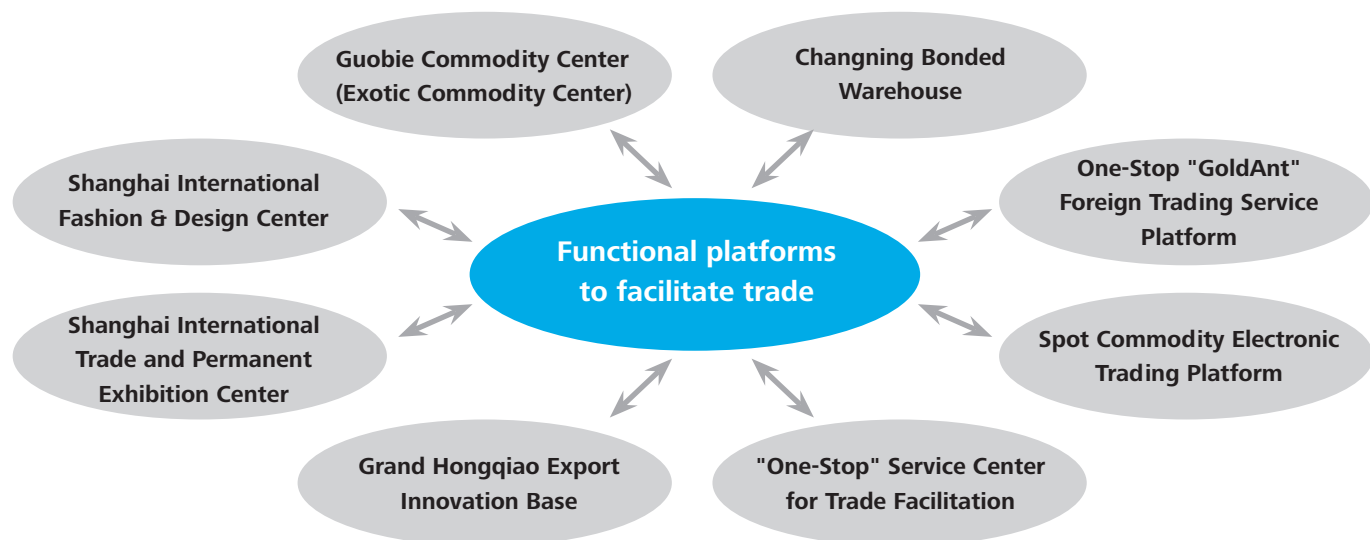
### Rational Policies that Encourage Business Development

Making the most of its solid foundation for business development, the Changning District Government continues to encourage upgrades to the business community's industrial capacity, the cultivation of the business environment, the optimization of the trade mix and the clustering of well-known brand names. Within this optimized environment, the government is focused on providing resources that are useful to local businesses and encourage business development and activities capable of achieving rapid, sustainable and healthy growth.



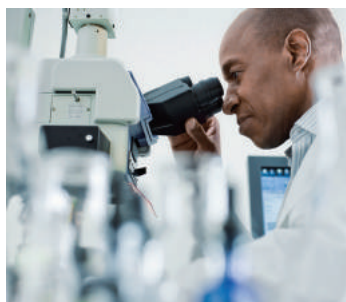
### Platform for Improving Trade Facilities

In February 2013, Changning District was recognized by the Shanghai Municipal Commission of Commerce as a pilot zone for trade facilitation, and thus took the lead in implementing relevant policies related to trade facilitation. In order to rapidly develop trade-led modern services and promote the clustering of major trading entities, Changning District Commission of Commerce is focused on providing support to eight major functional platforms.



Source:  
Information provided by Changning District Commission of Commerce  
"Several trial opinions on the promotion of business development in Changning District" (Chang Shang Wu Fa [2011] No 41)

## 2.5 Corporate Incentives for Scientific and Technological Innovation



### Incentives for Technological Innovation

#### Specific Services will be provided for

- Technological development
- Programs/public donations for technological innovation
- Technological innovation funding for small and medium-sized tech companies in Changning District
- Up-take of imported technology and innovation programs
- Appointment of Shanghai technology specialists to assist enterprises with production guidelines

#### Specific Services will be provided for

- Self-developed software products
- Technology transfers
- Transformation of achievements in high technology for commercial application
- Small and medium-sized enterprises

### Incentives for Transformation of Achievements



### Incentives for High-Tech Industrialization

#### Specific Services will be provided for

- “Little Tech Giants Program” (to foster development)
- New key products in Shanghai
- Scientific research institutions for new scientific/technological/innovation achievements
- Software and information services

#### Specific Services will be provided for

- Organizational/individual patents
- Key enterprises with intellectual property
- Intellectual property pilot zones
- Enterprises that have valuable intellectual property rights
- Support for branding / standardization strategies

### Incentives for Creation of Intellectual Property



### Enhancements in Technological Capacity

#### Specific Services will be provided for

- High-tech enterprises
- Advanced tech services
- Software enterprises
- Key technological transformation projects

#### Specific Services will be provided for

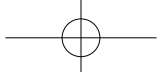
- Development of Zhangjiang Hi-Tech Park (Changning District)
- Enterprises that are established within the high-tech park
- Multimedia incubators
- National High-Tech Park of Universities
- Intermediary services for high-tech enterprises

### Development of Innovative Environment



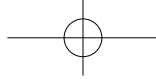
Source:  
“Opinions on encouraging the implementation of scientific and technological innovation in Changning District” (Chang Fu [2011] No 106)





# 3. Business Environment

- 
- 3.1 Research Summary of Business Environment
  - 3.2 Degree of International Integration
  - 3.3 Information Services
  - 3.4 E-commerce and Platform-based Economy
  - 3.5 Financial Institutions and Internet-based Financial Services
  - 3.6 Aviation and Logistics
  - 3.7 Professional Support Services
  - 3.8.1 Three Major Economic Groups: Hongqiao International Trade Center
  - 3.8.2 Three Major Economic Groups: Zhongshan Park Business Center
  - 3.8.3 Three Major Economic Groups: Hongqiao Linkong Economic Zone
  - 3.9 “Fertile Ground” for Science and Technology
  - 3.10 Support Facilities



### 3. Introduction

In 2013, Shanghai ranked third on Forbes' list of China's "Best Cities for Business"<sup>①</sup>. As an important and integral part of Shanghai's business blueprint, Changning District offers an exceptional business environment.

Among the significant and historical opportunities stemming from the construction of the Shanghai International Trade Center and the implementation of development strategies by "Grand Hongqiao," Changning structures its development policies and strategic direction as "an exquisite Hongqiao, an international business center, a 'smart' platform and a dynamic urban center." By doing so, the district strives to become an important conduit for the Shanghai International Trade Center, and a landmark district for international business and commerce.

#### Corporate Testimonial

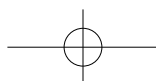
Changning District has attracted a wide variety of outstanding enterprises, thus generating a broad influence and a positive clustering effect. Regarding our experience with establishing a presence in Changning District, we feel this is a friendly business environment. Within the district, there is an ample supply of business resources and service facilities to satisfy the wide variety of demands that arise during our daily operations.

——Watts (Shanghai) Management Co., Ltd.



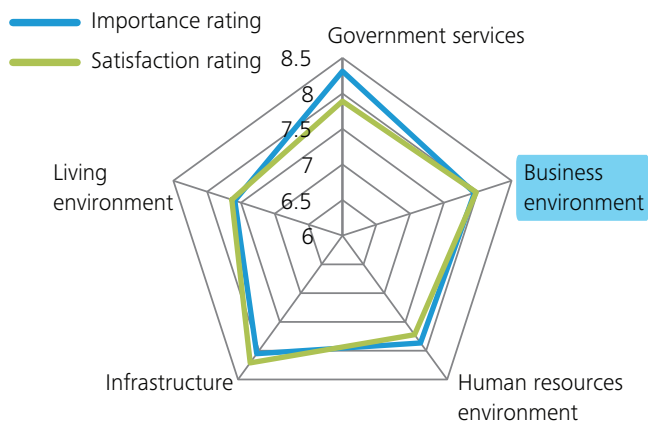
Note:

①According to Forbes' Chinese version, there will be a release of the "Top 100 Most Competitive and Potential Cities in China since 2004."



# 3.1 Research Summary of Business Environment

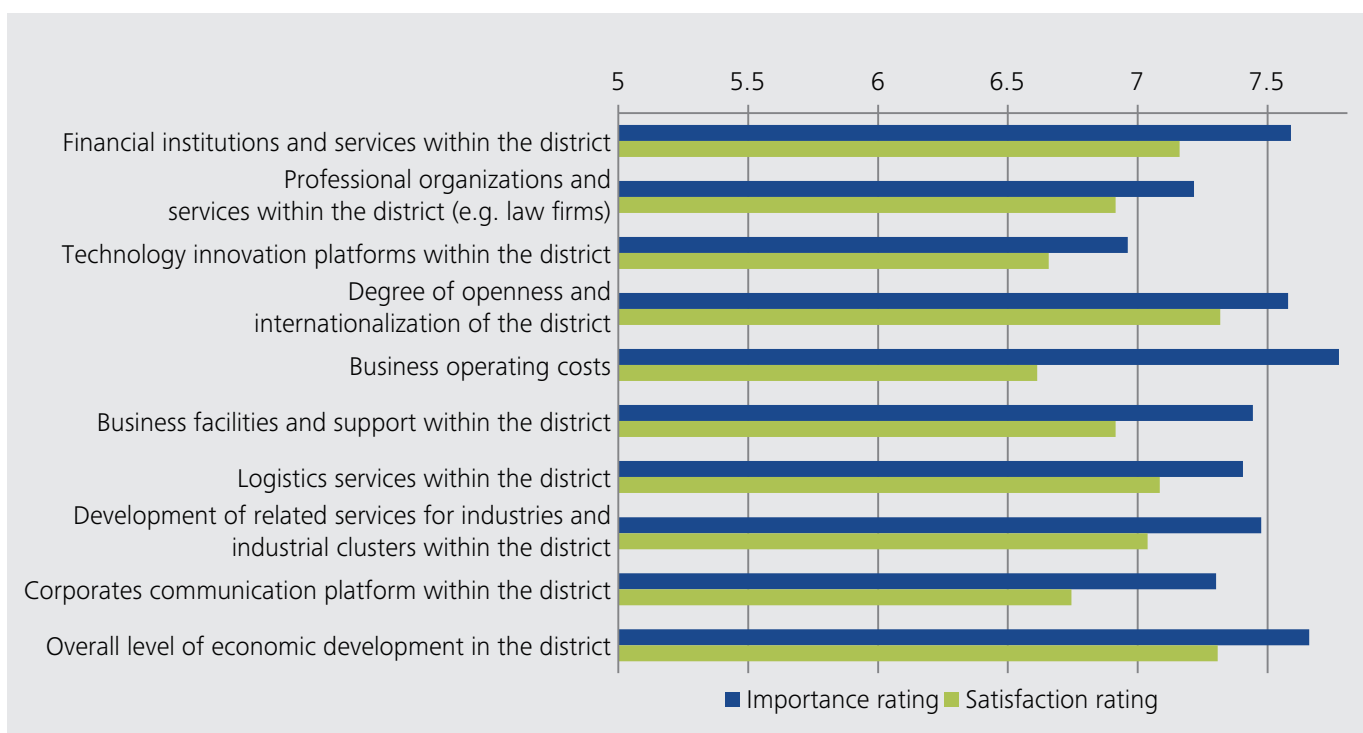
## Levels of Importance/Satisfaction



## Questionnaire Feedback

- The importance category scored 7.9 points, and the satisfaction category scored 8.0 points (out of 9 points);
- In this questionnaire, enterprises believed that business operating costs, the overall level of economic development in the district, and the financial institutions and financial services within the district were most important;
- In this questionnaire, enterprises were most satisfied with the degree of openness and internationalization of the district, the overall level of economic development in the district and the financial institutions and financial services within the district.

## Breakdown of Importance/Satisfaction



## 3.2 Degree of International Integration

### International Community

Changning District, a top choice for Shanghai's expatriate population, accommodates 42,200 foreign residents. Japanese and Korean residents together account for one third of all permanent foreign residents. Furthermore, Changning District has a large number of elite international communities and schools, thus satisfying the lifestyle necessities of its expatriate residents.

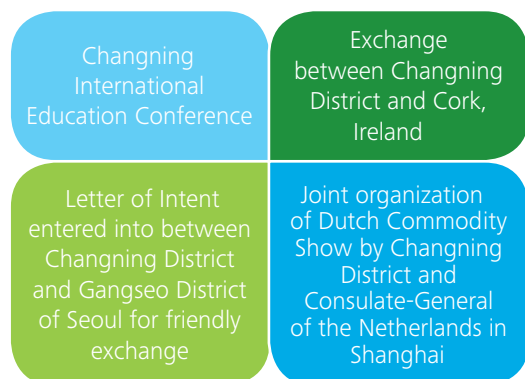


### Foreign Institutions established in Shanghai

Changning is home to one third of all foreign consulates and half of the all diplomatic officials' residences that are based in Shanghai, including the consulates for the Dutch, Danish, Swiss, Korean, Japanese, and more. Their presence is not only convenient for foreign enterprises operating in the district, but also the expatriates residing there.<sup>①</sup>

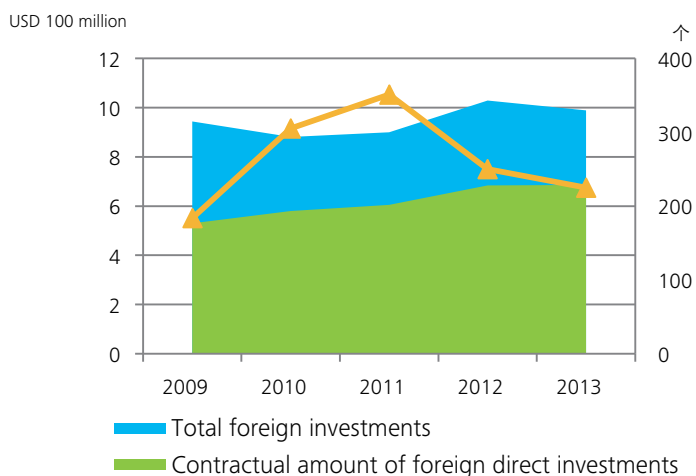
### International Activities

Changning District currently organizes a wide variety of overseas exchanges, and is expanding the development of exchanges in the region. Through these activities, foreign organizations and individuals are better able to gather information, and gain a better understanding of Changning District.



### Foreign Investment

In recent years, the total number of foreign investments, and contractual amount of direct investments in Changning District have maintained strong growth trajectories, with a steadily increasing number of foreign direct investment projects.

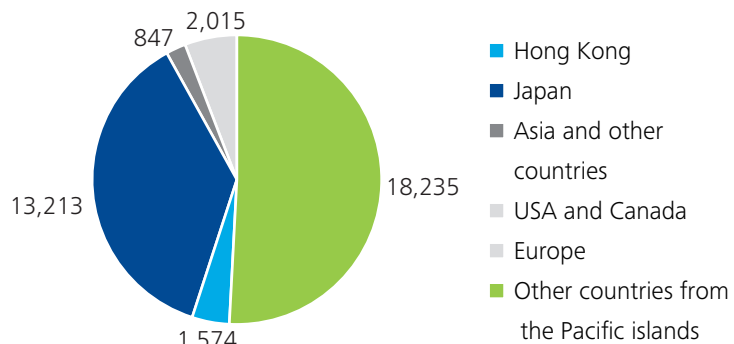


In 2013, there were 225 foreign direct investment projects in Changning District, with an investment total of USD 989 million with the contractual amount actually utilized coming to USD 686 million. In recent years, the total number of foreign investments and the contractual totals actually utilized have steadily grown, while the number of projects related to foreign direct investment has also maintained continued growth.

In 2013, among foreign investment projects in Changning District, projects from Japan, Hong Kong and European countries accounted for three quarters of the total, with Japanese investment projects ranking number one.

### Utilization of Contracts with Foreign Sources

Unit: USD 100,000



Source:  
 ① "2013 Changning Annual Report"  
 ② "2013 Business Introduction in Changning"



## 3.3 Information Services

In recent years, following the rapid development of the Internet-based economy, Changning District has remained committed to developing its "economy with four new features," which are "new industries, new business types, new technologies and new models." Currently, information services in Changning district demonstrates significant economies of scale as well as a comprehensive industrial chain. These advancements tie closely with Shanghai's promotion of developing a "smart city".

Changning District is committed to applying information technologies by closely integrating new technologies, such as big data and cloud computing, as well as new trends for economic and urban development. It will therefore utilize information technology to enhance the quality of governance and public services.

Changning District has always paid close attention to the needs of its residents. By capitalizing on the development of Internet-based technologies and information services, Changning District is actively exploring the development of a "'smart' community," which has been led by the improvement of living facilities in the community.



### Developing and Transforming Information Services

Changning District encourages the development and transformation of information services. It is also actively encouraging the overall level of technological innovation in the region. By July 2014, nearly 970 enterprises were engaged in information services in Changning District and generated an output value of approximately RMB 30 billion, which represents a year-on-year increase of 9.1%. Among Shanghai's 47 listed companies engaged in information services, enterprises established in Changning District account for over 20%.

By using new Internet-based technologies to encourage the economic restructuring and the transformation of traditional businesses, Changning District endeavors to maintain its strategically advantageous position in business development amid a new economic environment. Currently, Changning District's typical "smart" commercial area mainly include the Golden Hongqiao Smart Commercial Area and others.

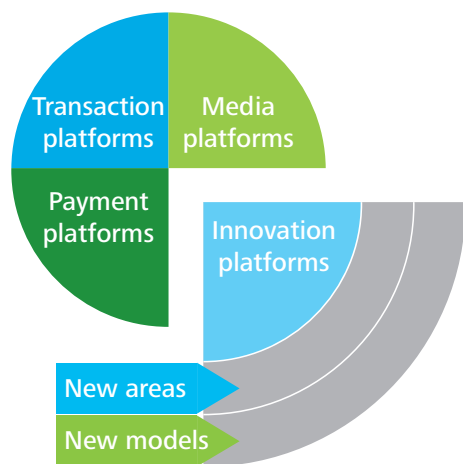
# 3.4 E-commerce and Platform-based Economy

The rapid development of information services in Changning District has directly contributed to flourishing the economic development, and the rise of a successful e-commerce industry.

Platform-based enterprises in the district have many different functions, including transactions and payments. Their presence has boosted the development of e-commerce and its related business types.

### Four Major Types of Platforms

Currently, a large number of platform-based enterprises have established a presence in Changning District. Initially, these enterprises created clustering effects on their own accord, with each type having distinct features. Fundamentally, these enterprises may be categorized into the following types:



### Main Regions with Industry Clusters

Many specialty zones in Changning District offer excellent infrastructure for different types of enterprises. This includes Linkong Economic Zone, which was designated as "Shanghai's E-commerce Demonstration Zone" in 2011, and one of the first "Shanghai's Demonstration Bases for New Strategic Industries" in 2013.

### Future Development and Prospects

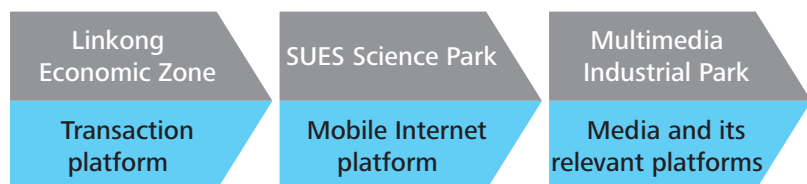
Thus far, Changning District's platform-based enterprises have been developed and fostered organically. From the well-developed "incubator" operating in the district, small and medium platform-based enterprises are emerging with specialized business models and good potential. Within their vertically-segmented fields, these enterprises have operated and grown to establish a solid foundation for Changning District to further develop its platform-based economy.

Today, Changning District has a number of iconic platform-based enterprises, transforming Changning District into a charming "calling card" for Shanghai's platform-based economy. By attracting entrepreneurs and business people to develop technologies and expand markets, these enterprises provide best practices for emerging e-commerce enterprises within the district, and throughout Shanghai.

Transaction platform	Media platform	Payment platform
Ctrip.com	BesTV New Media Co., Ltd.	Unionpay
Dianping.com	Focus Media Holding Limited	Live By Touch
Shumao	Shanghai iSmarTV Network Technologies Co., Ltd.	Sodexo Benefits & Rewards Services
CBI	Sanzhou Xunchi Digital Technologies Co., Ltd.	

### Deloitte Perspectives

The size of the transactions has also continued to expand, including a series of mergers and acquisition deals involving Ctrip.com, the collaboration between Dianping.com and Tencent, and the large, digitized and cross-screen marketing platform of adSage Corporation with investments from BesTV New Media Co., Ltd. These deals reflect the deepening industrial integration in the district and indicate that the Internet-based economy is entering a new round of rapid-development.



# 3.5 Financial Institutions and Internet-based Financial Services

## Types of Financial Services

In recent years, Changning District has become a key development zone that focuses on Shanghai's modern services as well as modern business and trade. The district has extended its range of businesses within the financial services industry to not only cover traditional banking, securities and insurance, but to also emerging financial service businesses such as guarantee services, pawn brokerages, auction services, futures and financial leasing. In the financial market, a number of prospective financial services types, such as equity investments and microloans, have also been established in the area.

<b>Traditional Business Types</b>	Banking, securities and insurance
<b>Emerging Business Types</b>	Guarantees, pawning, auctioning, futures and financial leasing
<b>Prospective Business Types</b>	Equity investments and microloans

## Number of Financial Institutions

In Changning district, there are 201 bank branches, 76 of which are central bank branches (including 48 domestic banks and 28 foreign banks). In addition, there are 45 securities firm branches (including 29 securities firms from provinces outside Shanghai) and 27 insurance-related company branches.

<b>Investment and Financial Services System for SMEs</b>
<b>Microloans and Financial Guarantees</b>
<b>Various Government-supported Investment and Financial Innovation Platforms</b>
<b>Equity Investment Institutions</b>

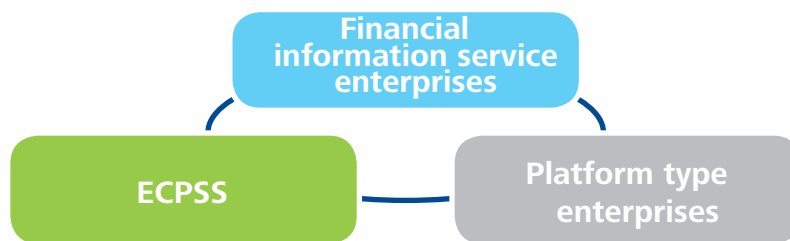
Source: "2013 Changning Annual Report"

## Internet-Based Finance

With the support and guidance of the municipal government, Changning District has encouraged the construction of carriers and functional facilities for internet-based finance. Changning District leverages the financial resources surrounding areas to drive the joint development of internet-based finance and other high-value industries, functioning in the context of Changning's integrated internet-connected industry chain comprising mass data service centers, innovation centers and headquarters centers.

### Hongqiao Mobile Financial center

The Hongqiao Mobile Financial Center, which is located in the Hongqiao Industrial Development Zone of Changning District, is currently under construction. The center is initially expected to occupy 3,000 m2. It will be a home to both internet-based financial institutions and leading corporations operating in the financial sector and will become Changning's principal financial zone.



### Joint development of internet-based finance and the aviation industry

Based on its substantial aviation industry history, Changning District is venturing into the development of aviation-associated financing, with the emergence of the financial leasing sector –i.e., financial leasing institutions, and financial products and services focusing on aviation. This model will help to improve the aviation industry's ability to access the financial resources needed to fund improvements as well as promoting the development of Internet finance in alignment with the demands of the aviation industry.

### Sub-sectors of Internet-based finance services



# 3.6 Aviation and Logistics

Following the expansion and improved functionality of the Hongqiao Integrated Transportation Hub, Changning District is committed to attracting well-renown aviation logistics and supply chain management companies from domestic and foreign markets. The continued establishment of these companies in the district will lead the aviation and logistics industry into an era period of rapid development. Currently, there are over 500 airlines and logistics enterprises established in Changning District, with over 70 of them being key enterprises. Among the top five domestic airlines in China, the top four have branch offices established in Changning District.

### Three Major Industry Spheres

Currently, 60% of airline headquarters established in Shanghai are located in Changning District. Airline headquarters, along with business types such as airline operations services and support facilities, as well as aviation logistics, make up the three major industry spheres for airlines and logistics in Changning District.

Examples of key airlines
China Eastern Air Holding Co.
Air China, Ltd.
China Southern Airlines Co., Ltd.
Hainan Airlines Co. Ltd. (Yangtze River Express)
China Cargo Airlines Co., Ltd.
Spring Airlines
Deer Air Co., Ltd.
Easyfly Aviation

Examples of key airline operations services
Shanghai Airport Authority
CAAC East China Regional Administration
China Aviation Oil Supply Corporation (South China branch)



Examples of key aviation logistics companies
Expeditors China Beijing Branch
FedEx China
"K" Line Zhenhua Logistics
Overseas Courier Service

### New Airport Development Rises in the East

Located in the central area of Hongqiao Business District, the Airport East Area, with a planned area of 4.6 square kilometers, is a key area for the future development of Hongqiao Business District. With the help of Shanghai Hongqiao International Airport, this area will be developed into a demonstration zone for modern aviation services for not only Shanghai, but also the rest of the country. Its major functions will consist of external transport, aviation services, themed business office buildings, etc.

Airlines and logistics enterprises in Changning District will closely mimic development and transformation of the Airport East Area, transforming the region into a "high-end international aviation service area" integrated with the following: "an international aviation business center, an international aviation service center, a modern aviation exhibition center, a business airline center, an aviation maintenance center and a logistics center."





## 3.7 Professional Support Services

### Exhibitions

In recent years, convention and exhibition services in Changning District have experienced rapid development, amassing over 40 key exhibition enterprises. A wide variety of exhibitions and events are organized within the district, including over 40 large international and national exhibitions. The district's high-level and professional exhibition services are widely recognized. Following the continued growth of commerce, trade and surrounding facilities, Changning District's convention and exhibition industry will witness further development going forward.

### Legal and Consultation Services

While expediting the introduction of various institutions to provide corporate management services in Changning District, The district is actively developing professional business services, covering advertising, consulting, market research, accounting, audit and more. By the end of 2013, there were approximately 100 law firms in Changning District, with over 1,000 lawyers. On average, there are over 10,000 reported legal consultations each year.

### Information Services

As the first multimedia industrial park in Shanghai and the country, Shanghai Multimedia Park was awarded by the Ministry of Science and Technology and the Ministry of Culture as a "National Base for Digital and Media Technology Industrialization" and a "National Demonstration Base for the Cultural Industry," respectively. Within the district, there are 161 software enterprises that have been certified by the municipal government. At the same time, a large number of leading companies are actively engaged in digital content, IT supply chains and an IT headquarters economy.



### Deloitte Perspectives

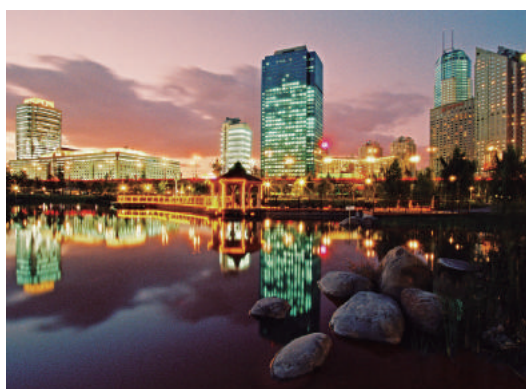
The quality of a region's professional support services serves as an important measure for its business environment. This attribute not only indicates the level of operational convenience experienced by local enterprises, but also represents an essential component for the growth and international development of regional industrial systems. Changning District's booming exhibition industry, legal and consultation services, and information services, strongly supports and helps drive the development of leading industries in the district. Conventions and exhibitions serve as gateways for trade, and play a significant role in Changning's transformation into an important conduit for the Shanghai International Trade Centre.

Source:  
"2013 Changning Annual Report"

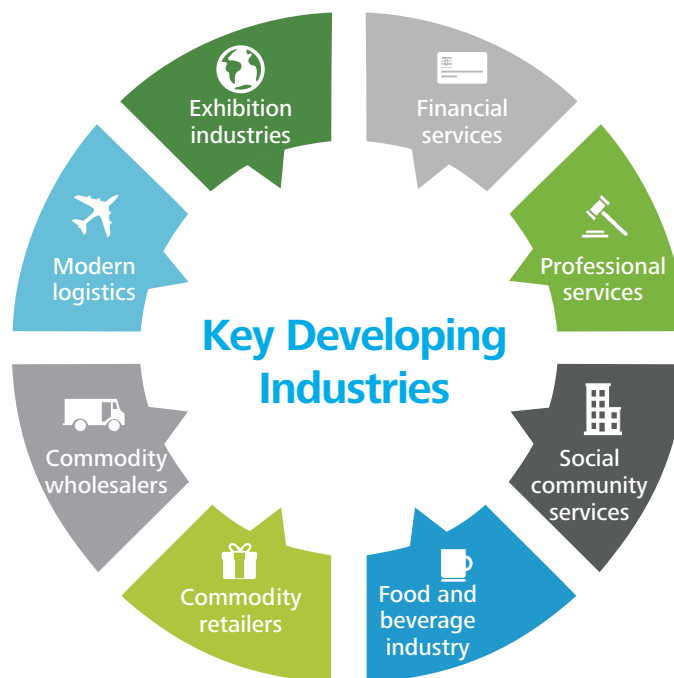
# 3.8.1 Three Major Economic Groups: Hongqiao International Trade Center

## Summary

As one of the 12 municipal business centers, Hongqiao International Trade Center was the first, and is currently the most well-developed, commercial area in Shanghai. Furthermore, Hongqiao International Trade Center was one of the economic and technological development zones to be approved by the State Council in the early period of reform. Through more than two decades of development and construction, Hongqiao International Trade Center has steadily improved its business and trade functionality, with increasingly distinctive industries, to gradually evolve into a trade operations and command center that attracts trade enterprises and corporate headquarters. The center has also evolved and into a modern procurement center that clusters multinational procurement agencies, and an exhibition center that organizes domestic and overseas exhibition activities.



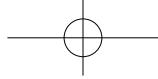
Hongqiao International Trade Center has a floor area of approximately 3.15 square kilometers. New Hongqiao Business Center, currently in operation, has 400,000 square meters occupied by major businesses, and is projected to reach 700,000 square meters in the future. There are 75 foreign invested and Hong Kong-Macau-Taiwanese directly-invested enterprises in the district, with an approved investment total USD 4.42 billion and the actual foreign capital utilized was USD 3.41 billion.



## Major Large Business Facilities

Facility name	Business type	Floor area (square meters)
Huijin Department Store (Hongqiao branch)	Department store	40,300
Hongqiao Shanghai City Shopping Center (Phase I and II)	Shopping mall	65,000
Hongqiao Shanghai City Shopping Center(Phase III)	Shopping mall	35,000
Shanghai Hongqiao Friendship Shopping Center	Supermarket	15,000
Changfang International Plaza	Supermarket	50,000
Printemps (Tianshan branch)	Shopping mall	Under renovation
Hongqiao Tiandu	Shopping mall	27,800
The Jisheng Wellborn Furniture Group	Specialty store	32,000
Jin Hongqiao International Center	Shopping mall	85,000
L'Avenue Shanghai	Shopping mall	45,000

Source:  
"2013 Changing Annual Report"  
Information as provided by Changing Business Commission



## 3.8.2 Three Major Economic Groups: Zhongshan Park Business Center

### Summary

With a transportation hub enclosed, Zhongshan Park Business Center is a business hub in Shanghai with an area of approximately 1.14 square kilometers. It represents one of the 12 municipal business centers serving as a key development project in Shanghai. The business center borders Hongqiao International Airport and is located at the intersection of Line 2, Line 3 and Line 4 of Shanghai's metro system, with many inbound downtown bus routes starting from within. These attributes make Zhongshan Park Business Center a well-developed business hub that benefits from access to key transportation facilities, including a railway system, a light rail transit system, elevated expressways, and air transit.



### Corporate Testimonial

Zhongshan Park Business Center provides convenient access to transportation with many rail and ground transport routes intersecting in the district. Its surrounding commercial facilities are well developed and bring together a wide variety of regional characteristics, including Cloud Nine Shopping Mall, Dingxi Road Gourmet Street and Yuyuan Road Cultural Street. Furthermore, our staff has a high degree of employee satisfaction, which is one of the main reasons why we chose Changning District.

—WOOX Innovations (Shanghai) Commercial Co., Ltd.

### Key Industrial Developments

The business capacity within the district is rapidly increasing, while the strategic positioning of the "business model, leisure model and digitization model" has fundamentally emerged. Therefore, large centers for business, such as Cloud Nine Shopping Mall, will provide an excellent development platform for the retail sector. Meanwhile, information services and financial services will also realize significant growth. Several industrial parks are being developed, including "Shanghai Multimedia Park" and "Kaixuan Road Multimedia Industry Corridor" which will provide ample space for industry clusters to form, and for the healthy and long term sustained development of the multimedia industry.



### Commercial Shopping

Famous shopping malls with international brands, modern department stores and large specialty stores have been established, which bring together strategic products and specialty products, and help exhibit the shopping attributes of a modern cosmopolitan city.

### Entertainment and Leisure



By utilizing the cultural and ecological advantages of Zhongshan Park and Yuyuan Road, Changning will bolster the development of business, leisure, culture and recreation, and public entertainment, thus showcasing the district's regional character.



### Business Support

By relying on office buildings and innovation parks as conduits, Changning District will focus on developing the multimedia industry, the creative industry, and business and trade, thus exhibiting its business and service characteristics.

### Residential Services



Changning District will demonstrate its residential service capabilities by satisfying the comprehensive and diverse consumption demands of well-developed residential areas and new high-end communities.

Source:  
"2013 Changning Annual Report"

# 3.8.3 Three Major Economic Groups: Hongqiao Linkong Economic Zone



## Development of Key Industries

Information services, modern logistics and high-tech industries will be developed to attract multinational companies within the key industries. These industries and services will also attract corporate headquarters, operations centers and research centers within the Yangtze River Delta region, thus building a first-class gateway for headquarters in the economic zone.

## Summary

Considered a "Shanghai Intellectual Property Rights Demonstration Zone", Hongqiao Linkong Economic Zone has a total area of 5.14 square kilometers, and has been designated as one of the first demonstration zones for well-known brands in Shanghai. By focusing on being "garden-styled, high-tech and headquarters-based," the zone is striving to become a cluster of modern services that provides convenient access to transportation, first-rate services, and innovation-support

## Corporate Testimonial

Bosch established its Asia-Pacific Headquarters in Changning District's Linkong Economic Zone in 2011. Since then Bosch's highly efficient services have provided a reliable protection for the local operations and development of enterprises, and an increasingly sophisticated means for transportation and infrastructure. This has provided employees with added convenience as well as vibrant cultural activities within the district, further enriching the lives of employees. We also appreciate the full support the district government and relevant government bodies. As an important gateway that opens Shanghai to the outside world, Changning District provides robust support for sustained enterprise development.

—Bosch Group

### High-tech Industries

There are 32 municipal-level high-tech enterprises in the zone, 28 local-level software enterprises, and seven "Little Tech Giant" enterprises at Shanghai's local level. In addition, there is one intellectual property rights demonstration enterprise and three corporate technology centers in the district. With 67 high-tech achievement transformation projects and more than 800 filed national patents, the zone has become an incubator for growing high-tech enterprises.

Source:  
"2013 Changning Annual Report"  
Xinhuanet  
Official Website of Hongqiao Linkong Economic Zone

### High-end Corporate Headquarters

There are over 300 corporate headquarters established within the zone, including more than 20 renowned headquarters of domestic and overseas companies, such as Unilever, Bosch and Eaton. Eight of which are companies listed on the Global Fortune 500.



### Information Services

There are 1,082 enterprises engaged in information technology in the zone, with the majority primarily engaged in information services, professional services, financial services and bulk commodity transaction services.

### Modern Logistics

Adjacent to Hongqiao Integrated Transportation Hub, the park is located northwest of Shanghai's city center. As one of the key passageways that accesses Shanghai's city center and Pudong New District, many leading logistics enterprises are established in the region.

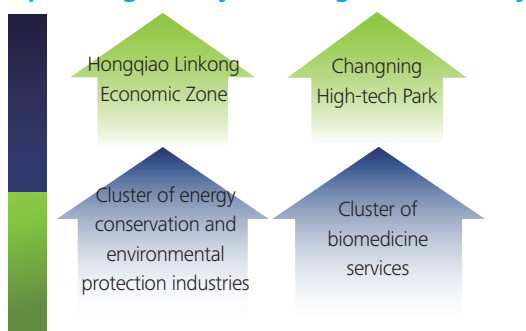


# 3.9 “Fertile Ground” for Science and Technology

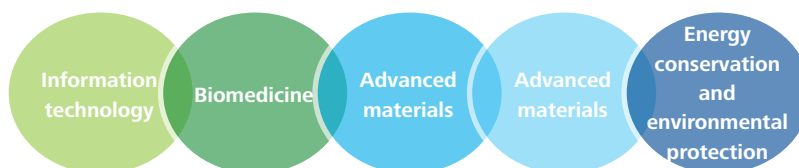
## Good Environment for Scientific Innovation

By focusing on enhancing its scientific and technological influence and competitiveness, and attracting innovative projects, Changning District stays committed in optimizing the region’s environment for innovation, as well as attracting innovative human personnel. During the first half of 2014, total trade volume of certified technology contracts reached RMB 1.15 billion. There was a total of 269 scientific and technology companies that, in accordance with scientific and technological support policies, applied for and received government support, including the Little Tech Giant Project, innovation fund, etc.

## Optimizing the Layout of High-Tech Industry



## Focused on the Development of High-tech Industries



## Scientific Research Institutions for New and Advanced Technologies

### Chinese Academy of Sciences: Shanghai Institute of Microsystem and Information Technology

In 2012, there were 36 research projects, 268 patent applications and 139 patents approved. In addition, there were 395 papers published at home and abroad, of which 142 were compiled into the Science Citation Index and 135 were compiled into the Engineering Index.

### Chinese Academy of Sciences: The Shanghai Institute of Ceramics

In 2012, there were 281 research projects, representing a year-on-year increase of 79 projects. There were 249 patent applications, 240 of which were invention patents. In addition, there were 162 patents and 150 invention patents approved.

## Development Targets

- Development of "two zones"**

Changning District is working to develop a national innovation zone for scientific and technological advancements, and to transform itself into a low-carbon emission economy.
- Biomedicine industry**

Changning District will focus on strategic technological development areas and will promote the transformation of scientific and technological achievements. At the same time, Changning District will actively apply biological technologies to agriculture.
- Energy conservation and environmental protection**

Changning District will implement key projects in energy conservation and environmental protection, and continue to achieve energy conservation and emissions reduction objectives.
- High-tech industry**

Changning District will promote the clustering of industries involved in energy conservation and environmental protection within the Hongqiao Linkong Economic Zone. It will also establish "Changning High-tech Park" with a view to promoting the clustering of biomedical service industries.
- Industrial development environment**

Changning District is focused on creating a dynamic industrial environment for transformation of scientific and technological achievements, and stay committed to establish effective investment and financing service system for high-tech industrialization, as well as interactive relationships among enterprises, universities and research institutes.

Source: 2013 Changning Annual Report

# 3.10 Support Facilities

## Office Buildings

As of March 2014, there was a total of 258 office buildings built within the district, occupying a floor area of 5,333,000 square meters. The total area occupied by office space was approximately 4,035,000 square meters, with 66 key buildings (floor area exceeding 10,000 square meters) and a total floor area of 3,150,000 square meters.



## Hotels

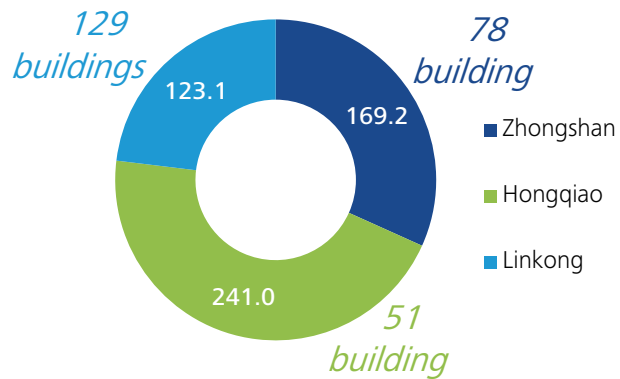
In Changning District, there are more than a dozen five-star hotels, and a large number of other high-end hotels within the district. With these hotels providing excellent facilities and convenient transportation, Changning District provides an excellent environment for business conferences as well as accommodation during business trips.

### Examples of High-end Hotels located in Changning District

Sheraton Shanghai Hongqiao Hotel	Grand Mercure Shanghai Hongqiao
Renaissance Shanghai Yangtze Hotel	Shanghai Marriott Hotel Hongqiao
The Longemont Shanghai	Hongqiao State Guest Hotel Shanghai
Shanghai Radisson Blu Plaza Xing Guo Hotel	Crowne Plaza Hotel Shanghai
Shanghai Xijiao State Guest Hotel	The Grand Millennium Shanghai Hongqiao

## Construction details of Three Major Building Sectors in Changning District

(10,000 square meters)

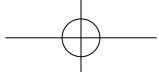


## Exhibition Center

As of June 2014, with a total investment of RMB 23 Billion, Phase I of the National Exhibition and Convention Center (Shanghai) was completed. The facility is currently the world's largest international exhibition center. Located within a 30-minute drive from the heart of district, Changning has become the direct beneficiary of the exhibition center's economic effects. Changning District is expected to consolidate the resource integrated due to the completion of the exhibition center, thus becoming a core region providing business services and support.

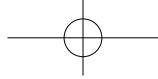


Source:  
"2013 Changning Annual Report"



# 4. Human Resources

- 
- 4.1 Research Summary on Human Resources
  - 4.2 Supply and Demand of Human Resources
  - 4.3 Labor Costs



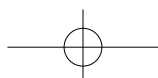
## 4. Introduction

In the 21<sup>st</sup> century, human resources have become a critical component for driving economic growth. Shanghai, the most economically developed city in mainland China, is known for its diversity, and extends a warm welcome to outstanding personnel across the country and the world. This approach has attracted a wide variety of human resources to live and work here. Changning District brings together outstanding human resources, that are well suited to the “smart platform’s” high-end workforce, and nurtures and cultivates a deep-pool of elite human resources for all industries in Shanghai.

### Corporate Testimonial

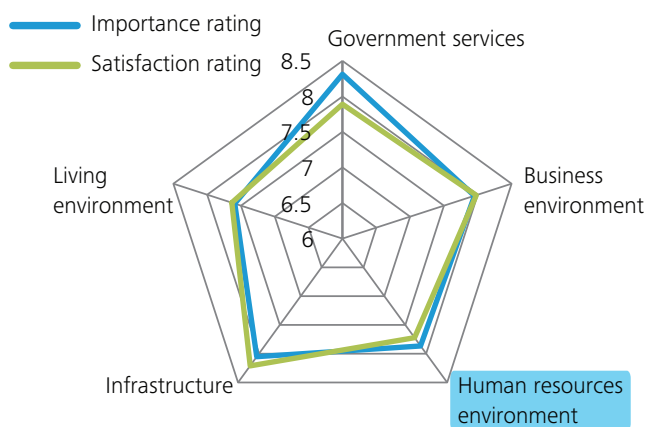
The Changning District government understands the importance of attracting human resources. Therefore, the government has created a favorable environment, where human resources and local industries mutually depend on and support each other. The district’s rich talent reserves and intellectual support help drive and secure the continued corporate development in the region.

——Ingersoll Rand (China) Investment Company Limited



# 4.1 Research Summary on Human Resources

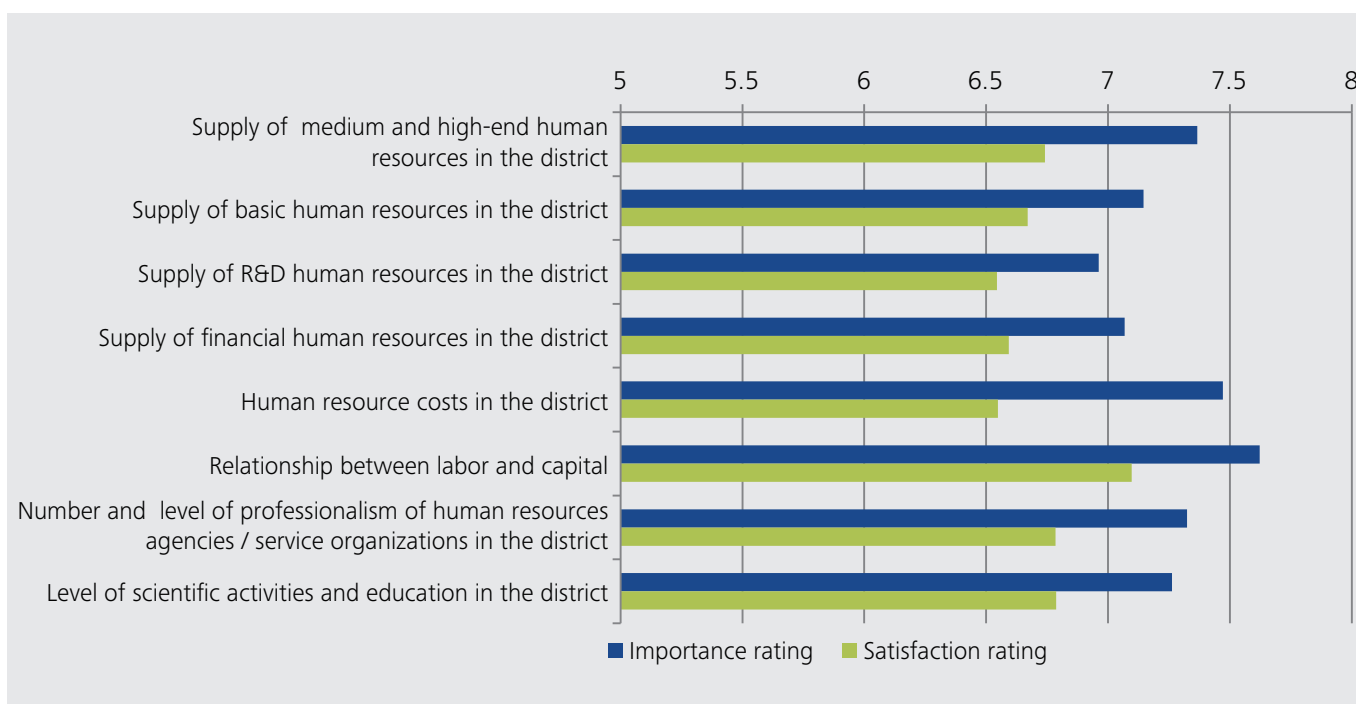
## Levels of Importance/Satisfaction



## Questionnaire Feedback

- The importance category scored 7.9 points, and the satisfaction category scored 7.7 points (out of 9 points);
- In this questionnaire, enterprises believed that the degree of harmony among human resources in the district, human resource costs in the district and supply of medium and high-end human resources in the district were most important;
- In this questionnaire, enterprises were most satisfied with the degree of harmony among human resource in the district, number of human resource agencies/service organizations as well as level of professionalism in the district, and level of scientific research and education in the district.

## Breakdown of Importance/Satisfaction





## 4.2 Supply and Demand of Human Resources

Many talented individuals from around China have relocated to Shanghai. Changning District itself has attracted personnel with higher education and skill levels, thus demonstrating the district's human resources advantages, and there is every reason to believe that this trend will continue.



### Demand for Human Resources

The first wave of foreign-invested enterprises in Shanghai were a catalyst for the economic development of Changning District and created a solid base for personnel. With more than 20,000 enterprises established in the district and an improving industrial capacity, coupled with innovative policies, companies will continue to seek mid to high-level personnel that possess global perspectives and extensive industrial experience.

Source:  
2013 Changning Annual Report

### Supply of Human Resources

Changning District and the surrounding areas are home to many higher education institutions that can provide a steady supply of qualified personnel. A plethora of vocational and professional training facilities in Changning District further diversify the talent pool and ensure the personnel needs of the modern service industry are met.

### Examples of Higher Education Resources in Changning District and its Surrounding Areas

- Donghua University
- East China University of Political Science and Law
- Shanghai University of International Business and Economics
- Shanghai Theatre Academy
- Shanghai University of Engineering Science
- Shanghai Business School
- Shanghai Police College
- Shanghai Technical Institute of Electronics & Information
- Antai College of Economics & Management, Shanghai Jiao Tong University
- Cheung Kong Graduate School of Business
- Shanghai International College of Culture

### Deloitte Perspectives

During interviews with enterprises, Deloitte found that in recent years, the proportion of non-Shanghai locals working in enterprises has continued to grow. The degree of comfort of non-local personnel and the availability of satisfactory living accommodations has a direct effect on the stability of the workforce. The Changning District government has adopted a "people-oriented" approach to human resources development and has taken steps to ensure personnel have access to a variety of services and accommodations. The government's efforts have been welcomed by local enterprises.

# 4.3 Labor Costs

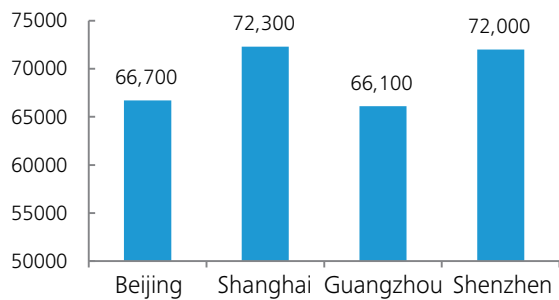
The cost of human resources have become one of the major expenses for modern businesses. In China, these costs include wages and several types of social security contributions.

## Employee Salary Levels

The average annual salary of individuals working in Shanghai in 2013 was RMB 72,300, ranking the highest among the major cities in China. The development of Four Centers and the launch of the China-Shanghai Free Trade Zone has prompted some changes in Shanghai's salary structure. Employees working in the well-compensated financial services and technology industries are on the rise, echoing Shanghai's increasing appeal to mid- and upper-level personnel with global perspectives.

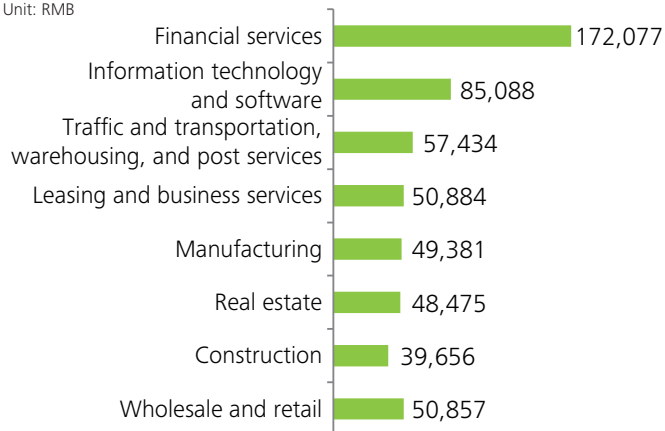
## 2013 CEIBS-BRIDGE Salary Index

Unit: RMB



## 2012 Average salary by industry in Shanghai

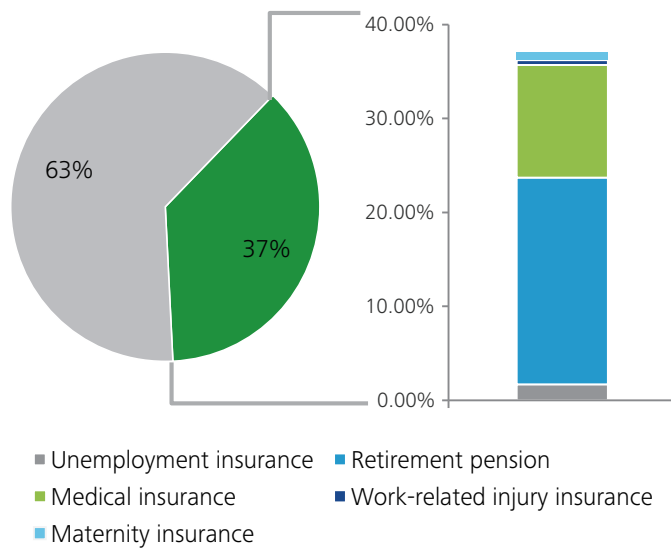
Unit: RMB



Source:  
2013 Changing Annual Report

## Employees' Social Security Costs

Companies in China are required to pay social security on behalf of their employees, including medical insurance, pension insurance and payments to the housing fund. Enterprises in various districts of Shanghai pay about 37% of employees' total salary for social security contributions.

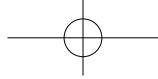




# 5. Infrastructure

- 
- 5.1 Research Summary on Infrastructure
  - 5.2 Air and Rail Transport
  - 5.3 Highway Transportation and Ports
  - 5.4 City Transportation





# Introduction

A robust infrastructure is both a prerequisite for the ability of enterprises to operate efficiently and a cornerstone of the long-term stable, sustainable development of an industrial district. Convenient transportation and commercial facilities are important factors in this regard. The Changning government is encouraging the development of low-carbon, green, efficient and intensive transportation options that promote the sustainable development of transportation infrastructure within the region.

Changning District has convenient transportation networks and a well-developed urban infrastructure. It is located at the site of Shanghai's largest and most important transportation interchanges. The Hongqiao International Airport and the Hongqiao Transportation Hub enhance links to the district and metropolitan Shanghai, the surrounding areas and the rest of the country, thus providing a solid base for the economic development of the region.

## Corporate Testimonial

Changning District boasts a comprehensive infrastructure, with the Hongqiao Transportation Hub being a vital feature. Many aviation and logistics companies have opted to set up in Changning District. The district's overall environment has attracted many other types of enterprises, many of which are key clients for the aviation and logistics industries. This relationship has created a comprehensive industrial chain for modern logistics services.

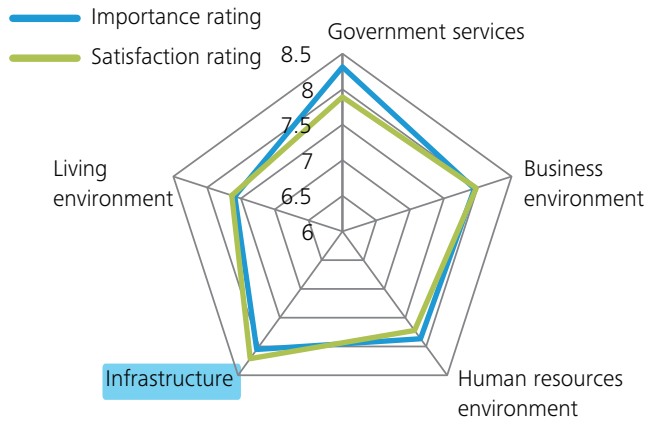
—Spring Airlines Company Limited





# 5.1 Research Summary on Infrastructure

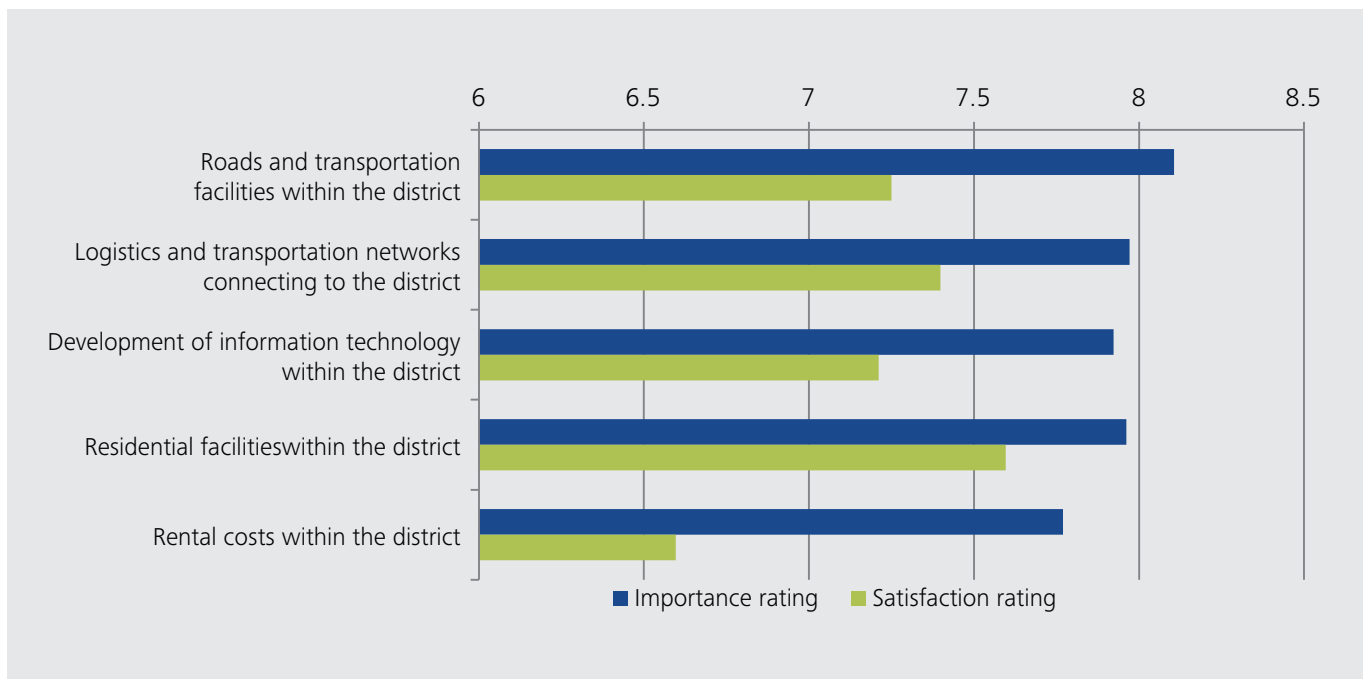
## Levels of Importance/Satisfaction



## Questionnaire Feedback

- The importance category scored 8.1 points and the satisfaction category scored 8.2 points (out of 9 points)
- Respondents believe the roads and transportation facilities, logistics and transportation networks, and residential support facilities within the district are most important
- Respondents are most satisfied with the residential support facilities, logistics and transportation networks, and roads and transportation facilities in the district

## Breakdown of Importance/Satisfaction





# 5.2 Air and Rail Transport

## Hongqiao Integrated Transportation Hub

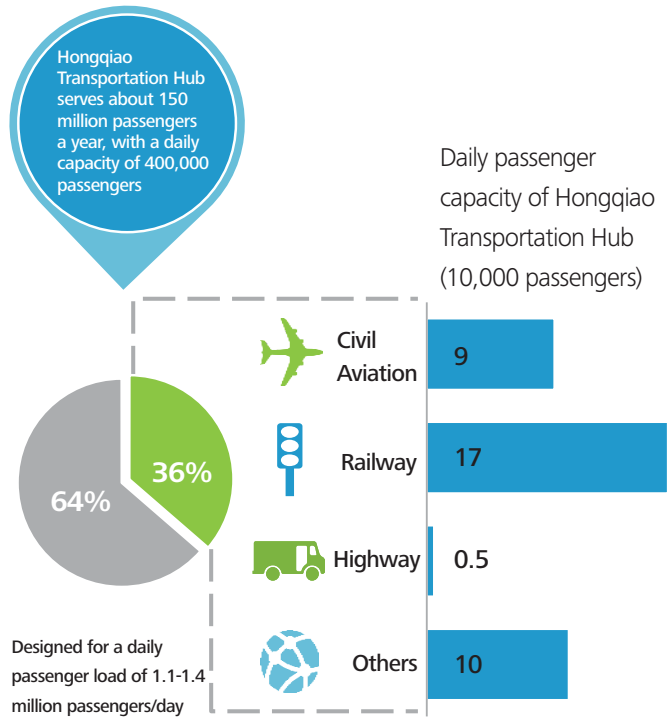
The Hongqiao Integrated Transportation Hub, which opened to the public in 2010, integrates rail, air and highway facilities that provide services within and outside the country.

### Shanghai Hongqiao International Airport

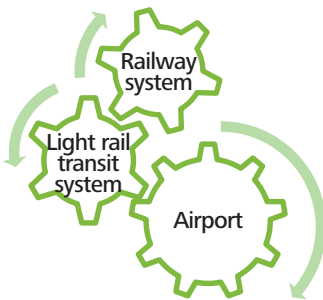
Shanghai Hongqiao International Airport won several awards in 2014, including a No. 1 ranking on the list of "China's Best Domestic Airports," No. 2 on "World's Best Airports (serving 30-40 million passengers)," No. 2 on "World's Best Domestic Airports" and No. 2 on "Best International Airports in China."<sup>①</sup>

### Shanghai Hongqiao Railway Station

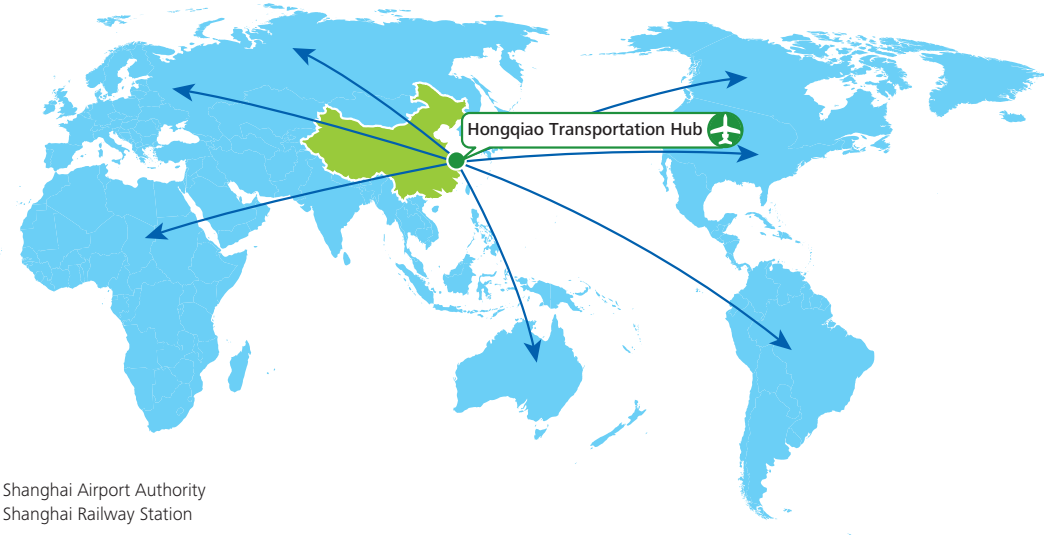
Shanghai Hongqiao Railway Station, located to the west of the airport, is a modern station and the most important transport hub and largest passenger railway station in Eastern China.<sup>②</sup>



## "Zero-Distance" Transfer to Many Transport Systems



The ultra-modern Hongqiao Integrated Transportation Hub combines various transportation systems, including air, high-speed rail, light rail, long-distance buses, etc., which have propelled Shanghai into a world-class and strategic economic, financial, trade and transportation center.



Source:  
 ① Official website of Shanghai Airport Authority  
 ② Official website of Shanghai Railway Station

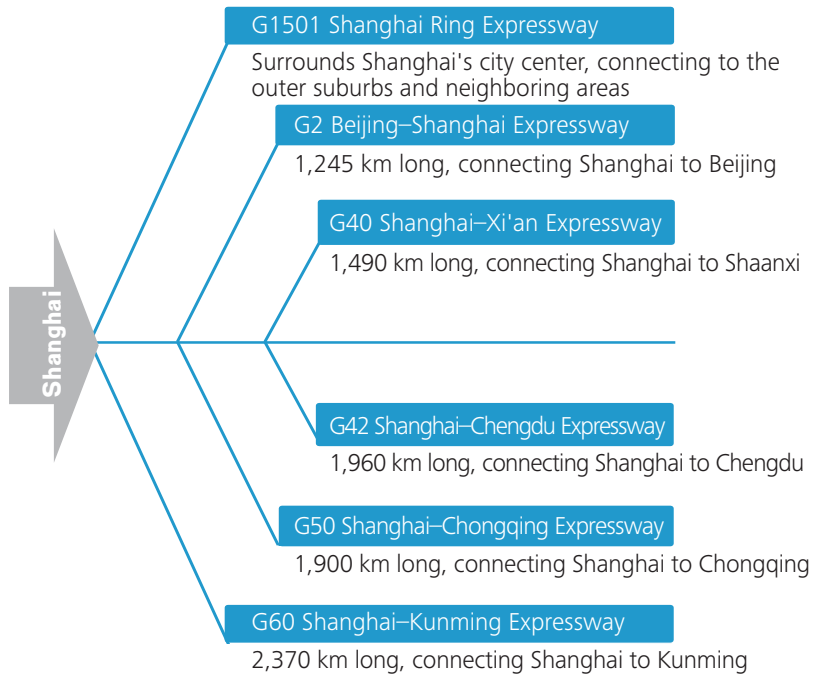
# 5.3 Highway Transportation and Ports

## Well-Developed Freeway Network

Shanghai city has completed the construction of its urban freeway network consisting of "two rings and 10 routes." The network has achieved the accessibility characterized as "15 minutes to access, 30 minutes to commute and 60 minutes to a destination." Changning District lies at the Y-shaped junction of the routes linking Shanghai to Ningbo and Shanghai to Hangzhou. This location represents the main artery that connects Shanghai to the Yangtze River Delta region and serves as the intersection of various freeways.

- 15** 15 minutes to access the freeway network from important industrial areas, towns, transportation hubs and major logistics centers
- 30** 30 minutes to commute from the city center to Xincheng and to provincial borders
- 60** 60 minutes to reach any destination along the freeway network

## Linking to major freeways in neighboring cities

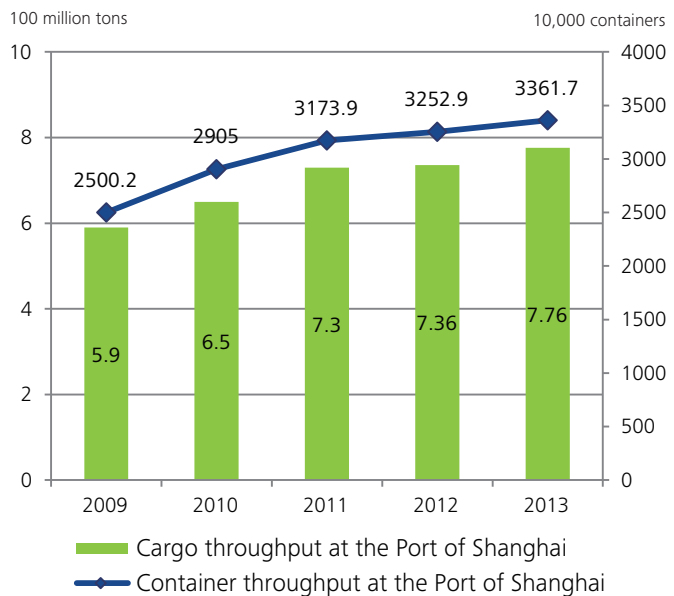


## Port of Shanghai: Influential infrastructure

As an important conduit for the Shanghai International Trade Center, Changning District's export industry relies on the advantageous location of the Port of Shanghai. The port is one of China's major coastal ports, as well as a vital port that serves the international economy.

- 99%** 99% of the Shanghai's annual export cargo comes from the Port of Shanghai
- 20%** The Port of Shanghai's annual export throughput accounts for about 20% of all major coastal ports in China

The Port of Shanghai ranks number one in the world in terms of cargo volume and container throughput. It also is the world's largest container port, according to the China World Records Association. Changning District plays a pivotal role in contributing to the Port of Shanghai's cargo throughput.



Source: China Transportation Website

## 5.4 City Transportation

As one of the eight major districts in metropolitan Shanghai, Changning District features a solid infrastructure and a convenient transportation system. Many main roads intersect within the district, and there are several key rail and transportation routes through the district. The Hongqiao Transportation Hub integrates air, rail and metro transit system, one of the main advantages of Changning District's infrastructure.

### Rail Transit

The major metro lines in Shanghai, namely Line 2 and Line 10, travel through Changning District and converge at the Hongqiao Integrated Transportation Hub, providing easy transportation across the city. Metro lines 3, 4, 11 and 13 conveniently pass through Changning District.



### Traffic Management and Guidance Systems

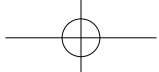
Changning District provides three-dimensional transportation coverage. Major roads, including the Yan'an Elevated Road and Shanghai-Qingpu-Pingwang Road, pass through Changning District. To alleviate road traffic congestion, the Changning Construction and Transportation Commission has launched a project that includes plans for additional parking space for buses and the renovation of current parking structures. In 2013, the commission completed a study on the traffic guidance system for the district, and invested RMB 5 million in construction for the "Phase III Construction Project" of the traffic guidance system.

### "Smart Transportation"

The launch of a "smart platform" has paved the way for the rapid development of network and telecommunications within Changning District. The project involves developing urban fiber-optic cable networks, Wi-Fi services, etc. In collaboration with the Hongqiao Integrated Transportation Hub, Changning District will construct an expressway connecting Hongqiao to the Shanghai city center.



Source:  
2013 Changning Annual Report

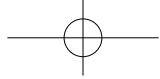


# 6. Living Environment

- 
- 6.1 Research Summary on the Living Environment
  - 6.2 Abundant Educational Resources
  - 6.3 Living Environment
  - 6.4 Medical Resources
  - 6.5 Arts and Culture







# Introduction

The quality of a living environment takes into account such factors as the availability of residential housing, educational and medical facilities, culture and the natural landscape. A good living environment has a direct impact on the work and home life of the population.

As a district with a densely populated downtown area, Changning District has well-developed living communities and comprehensive service facilities. A variety of residential options, hospitals, schools, cultural attractions, recreational resources and other modern conveniences make for a high-quality living environment, and the government is continuing to make further improvements to public facilities.

Urban renewal is a priority for the local government. Changning District is committed to the development of a low-carbon, eco-friendly and garden-style living environment. At the same time, the district fosters the development of its unique culture, which is infused with both eastern and western influences and cultural diversity.

## Corporate Testimonial

Located in the heart of Shanghai's metropolitan area, Changning District offers the advantages of a city center. The district boasts a relatively high percentage of green space, has comprehensive basic education institutions and is home to excellent international education institutions, all of which are readily accessible to foreign residents.

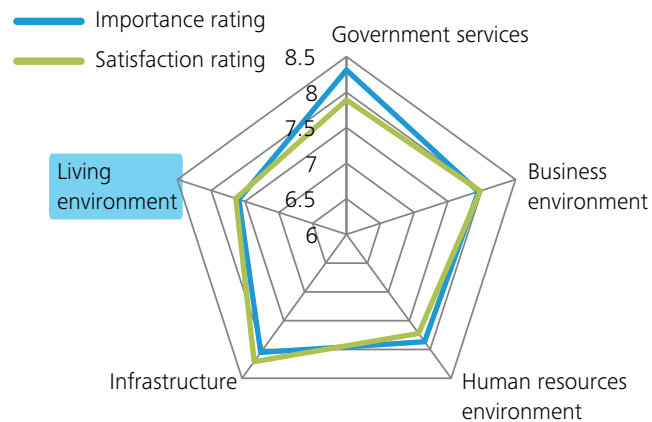
——PPG Management (Shanghai) Co., Ltd.





# 6.1 Research Summary on the Living Environment

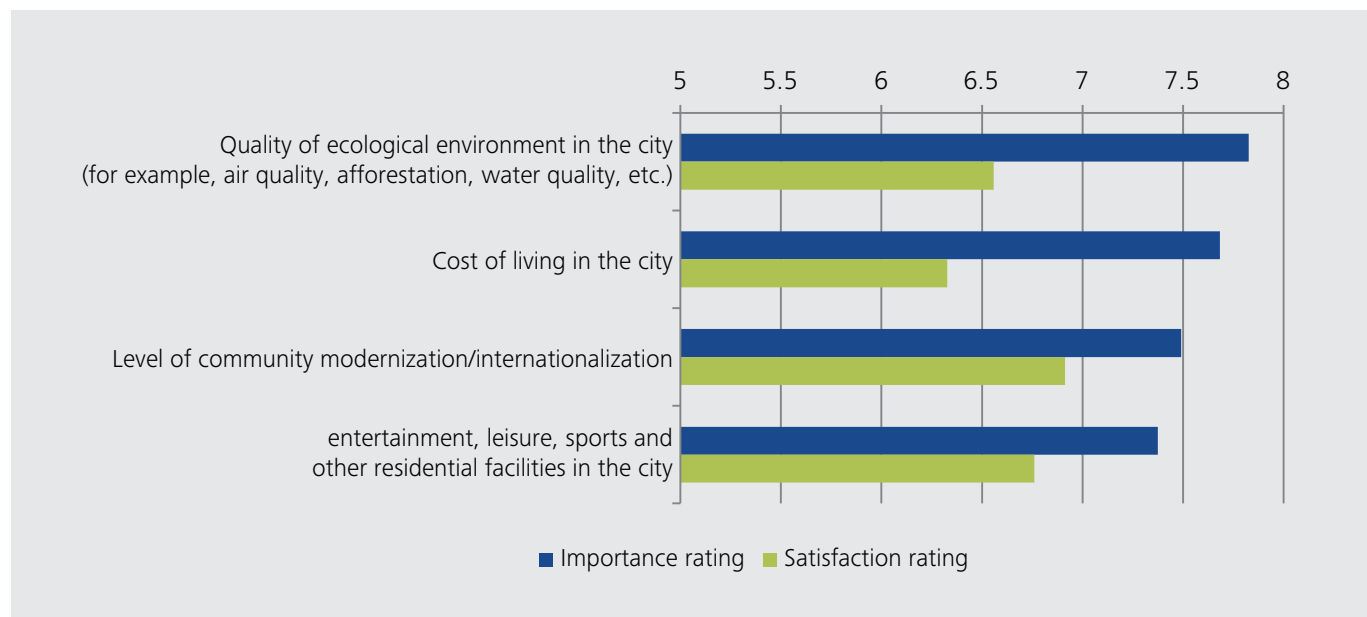
## Levels of Importance/Satisfaction



## Questionnaire Feedback

- The importance category scored 7.6 points and the satisfaction category scored 7.6 points (out of 9 points);
- Respondents believe the quality of the ecological environment and the cost of living are most important
- Respondents are most satisfied with the degree of community modernization/internationalization and the integration of the business district with entertainment, leisure, sports and support facilities in the city

## Breakdown of Importance/Satisfaction



## 6.2 Abundant Educational Resources

Shanghai has an abundance of educational resources, and Changning District has attracted a variety of prestigious primary and international schools. At the end of 2013, Changning District had approximately 90 types of schools. Educational institutions from kindergartens to high schools are located within a 15-minute drive of the district, satisfying the educational needs of Chinese and expatriate children.

### Municipal Pilot and Demonstration Senior High Schools

Yanan High School Shanghai and Shanghai No. 3 Girls' High School are two pilot high schools in Changning District that offer high quality instruction, and according to the results of the national college entrance exams, are the highest ranking schools in Shanghai.

#### Yanan High School Shanghai

Recognized as a garden-style development in Shanghai, Yanan High School Shanghai has a green coverage rate of over 40% on campus. Equipped with top-notch teaching facilities, it is one of the largest modern high schools to provide boarding services in metropolitan Shanghai.

#### Shanghai No. 3 Girls' High School

Shanghai No. 3 Girls' High School is a world-renowned and well established high school. The school has produced many outstanding female graduates, including the three Song sisters and Miss Eileen Chang.

### Preschool and Primary Education

As of 2013, 41 kindergartens and 23 primary schools were established in Changning District. Investment in infrastructure and safety features have delivered positive results, and by capitalizing on the high level of internationalization, schools in Changning District are able to recruit foreign teachers and provide primary schools with full-time foreign teachers.

### International Schools

A variety of higher level institutions provide quality education resources to the children of foreign residents in Changning District.

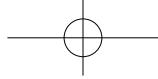
- Yew Chung International School of Shanghai (Hongqiao campus in Gubei)
- Shanghai Yew Wah International Education School
- Shanghai Livingston American School
- Shanghai Community International School
- Rainbow Bridge International School

A number of other international schools within five km of Changning District offer excellent teachers and a sophisticated learning environment.

- German School and Kindergarten Shanghai
- Le Lycée Français de Shanghai
- Shanghai Korean School
- Shanghai Singapore International School
- Shanghai Japanese School



Source:  
2013 Changning Annual Report



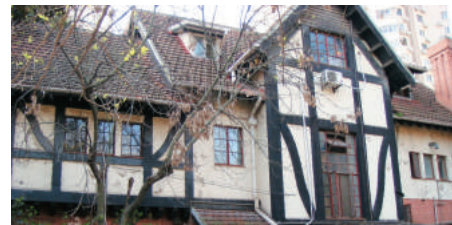
## 6.3 Living Environment

### Ecological Environment

Located in the northern subtropical monsoon climate, Shanghai receives ample sunlight and rainfall. Its four seasons are clearly defined. The average annual temperature in the city is 15.8°C, and the annual precipitation is approximately 1,300 millimeters.

### A Green City

Changning District is renowned for its ecological facilities and gardens. The government regularly plants flowers along the streets, in particular, within the core area of Zhongshan Park and Gubei Area, ensuring that the district is green and colorful throughout the year. By the end of 2013, green coverage in the district reached a total of 11.85 million m<sup>2</sup>, representing a green coverage rate of 31.9%.



#### Food and beverage

As illustrated by Zhongshan Park, the business district is diversifying the food and beverage sector. Exceptional Western dining can be found on every corner, providing a wide culinary selection for residents to enjoy. At the same time, food safety is a priority for the Changning District government.

#### Fitness

Residents in Changning District have access to a range of fitness and sports facilities. There are three major public sports stadiums, namely Shanghai International Gymnastics Center, Changning Warm Water Swimming Pool and Changning Tennis Court, that welcome more than a million visitors each year.



#### Leisure and Recreation

Gubei and Zhongshang Park have become Changning District's main recreation areas. A number of cafes and clubs have been set up that cater to the pace of a modern lifestyle and the social networking of a modern city.

Source:  
2013 Changning Annual Report

# 6.4 Medical Resources

## Medical Resources within the District

Changning District has a number of hospitals that deliver comprehensive medical treatment and healthcare services. By the end of 2013, Changning District had 265 medical and healthcare facilities, 28 of which offer medical and healthcare services to foreigners.

## Medical Resources in Surrounding Areas

The district's well-developed urban transportation facilities connect with medical facilities in the surrounding areas. There are many AAA hospitals, including Huashan Worldwide Medical Center and the Children's Hospital of Shanghai, within a five km radius of the district.

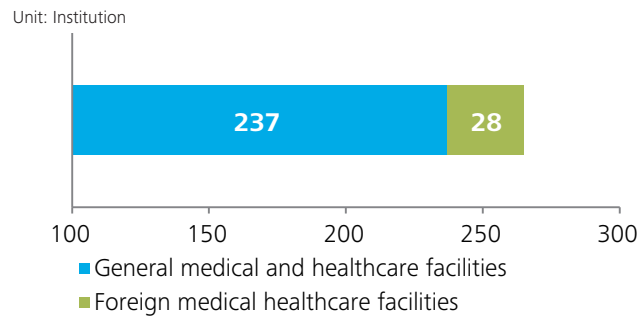
## Medical and Healthcare Services

Changning District is striving to expand and enhance medical services and healthcare systems, and has achieved many breakthroughs, creating versatile medical services to address the needs of its residents, including "family doctor services" and "self-service healthcare centers." These advancements mean medical facilities within the district offer improved coverage and are more user-friendly, thus expanding the accessibility to convenient and quality medical consultations and treatment.

## Air Transport Medical Services

In March 2014, China's largest air-lift medical/ambulance business was established in Changning District, thus providing rapid services for patients in need of immediate medical attention.

## Statistics of medical facilities in Changning District



## Well-Known Medical Facilities in Changning District and Surrounding Areas

- Tongren Hospital Affiliated with the Medical School of Shanghai Jiaotong University
- Shanghai Chest Hospital Shanghai Jiaotong University
- Shanghai Dermatology Hospital
- Huashan Worldwide Medical Center
- Children's Hospital of Shanghai
- Shanghai Sixth People's Hospital
- Eye & ENT of Fudan University



Source: 2013 Changning Annual Report



# 6.5 Arts and Culture

## Well-Developed Cultural Infrastructure

Cultural endowments in Changning District are important resources for promoting cultural prosperity. Various public facilities, such as cultural centers, museums and galleries, are growing in size, number and scope.

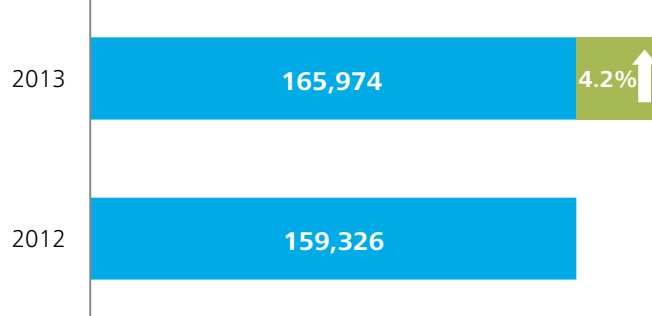
## Rich and Vibrant Cultural Activities

Capitalizing on the first Shanghai Citizens Arts Festival and other regional cultural events, Changning District continues to organize many activities, including the Shanghai Citizen Dance Contest, the 2013 "Beautiful Hongqiao" Changning Drama Festival, Changning Reading Festival and the Autumn Art Festival of Hongqiao Culture. The cultural activities have enriched the leisure and recreational lifestyles of residents.



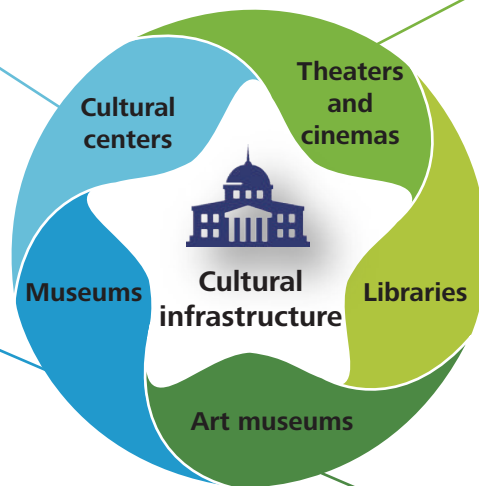
## Total area of public cultural infrastructure

Unit: 10,000 m<sup>2</sup>



Changning District has two major cultural centers: Shanghai Changning Art Culture Center and Changning Folk Culture Center. There also are a variety of "street" and "town" culture centers, and the Gubei Civic Center.

Nearly 20 museums, exhibition centers and commemorative museums are located within the district, including Soong Ching Ling Memorial Residence and Qian Xueshen Apartment Exhibition Room.



Changning District has more than 10 theaters and cinema, the Shanghai Film Art Center, Cloud Nine Cinema and Shanghai International Gymnastics Center, with more under construction.

Changning Library, Shanghai Changning Children's Library and other local libraries offer a variety of literary resources to meet the different needs of residents.

Around 20 art museums and galleries are located in Changning District. Ten galleries are clustered in Red Town Creative Park, providing visitors with an immersive cultural experience.

Source:  
2013 Changning Annual Report

# Summary

This report on the investment environment of Changning District was compiled using interviews and questionnaires conducted with enterprises established in the district. Our findings show that the three most significant aspects of Changning District are as follows:

## 1. Leading Infrastructure

Changning District is both the gateway to western Shanghai and a key component in the strategic development of Greater Hongqiao. The Hongqiao Integrated Transportation Hub has enabled Changning District to become the epicenter of an integrated and convenient transportation network in the Yangtze River Delta region. Changning District itself drives the economic development of the Yangtze River Delta region and is a gateway linking the Yangtze River Delta to Shanghai and the outside world. Changning District's geographical advantages, combined with its upgraded infrastructure, have attracted multinationals seeking a location for their headquarters. The ongoing construction of office buildings and the booming economy offer an excellent environment for enterprises to establish and operate their businesses. Changning District provides a full range of business facilities, including an exhibition center and dozens of hotels, thereby satisfying a wide variety of business needs.

## 2. International Business Environment

As the first business district in Shanghai to attract foreign capital, Changning District has certain advantages in terms of the level of development of its modern services sector, as reflected in its successful industrial clustering, well-developed support services and internationally-oriented business environment. With regard to the deployment of modern services in Shanghai, the development of Changning District is integrated with the strategic development of Greater Hongqiao.

Changning District's ongoing industrial optimization initiative and the development of its trade-driven modern services sector have produced a well-developed industrial system distinguished by its ability to offer economies of scale, creating a harmonious, win-win development environment for foreign and domestic investment. In particular, the outstanding conditions for business cooperation

deriving from the highly-evolved modern services infrastructure have made Changning District a prime choice for multinational corporations wishing to set up regional headquarters.

## 3. Service-Oriented Government

Changning District's familiarity with the development trends occurring in the context of the integration of domestic and foreign trading businesses is allowing it to capitalize on its superior industrial development environment and government services to attract both domestic and foreign trade organizations, and the headquarters of multinational corporations. At the same time, small to medium-sized enterprises and entrepreneurial trade companies are provided with an efficient development platform with a view to promoting the clustering of various types of major industry groups.

The district government is actively creating its own development model, with a reliance on the availability of effective, utilitarian government services and is focusing on providing services to meet the needs of both local residents and corporations. It already has established a favorable business environment by setting up commercial and public service trading platforms, helping to accelerate the formation of the corporate headquarters industry cluster, encouraging innovation by vigorously promoting the conversion of technological achievements for commercial use and recognizing the importance of human resources through its ongoing efforts to optimize the development environment for personnel. By offering highly efficient, fair and interactive government services, Changning District is putting into practice the philosophy of "serving the economy, economic restructuring, and enterprises" and building a high quality, vibrant urban district characterized marked by the ample areas given over to green space.

We would like to thank the People's Government of Changning District, Shanghai, the Changning Business Commission and all modern services promotion sub-centers for their support in sharing information for purposes of this report. We also would like to thank the enterprises in Changning District for participating in our research and interviews and for sharing their valuable insights on Changning District.

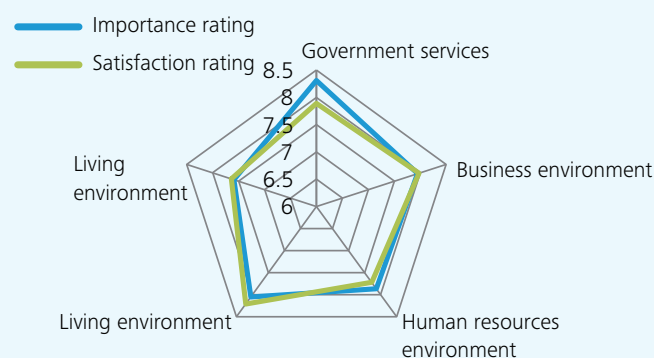
### Summary of Levels of Importance/Satisfaction in the Investment Environment

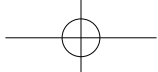
In terms of the five aspects of the investment environment in Changning District, enterprises believe the following factors were most satisfactory:

- 1) Infrastructure
- 2) Business environment
- 3) Government policies and services

Enterprises believed the three most important factors were:

- 1) Government policies and services
- 2) Business environment
- 3) Infrastructure





# Appendices

- 
1. Registered Capital and Total Investment of Foreign-Invested Enterprises
  2. Main Taxes Applicable to Foreign-Invested Enterprises

# 1. Registered Capital and Total Investment of Foreign-Invested Enterprises

## Capital Contributions<sup>②</sup>

Foreign investors can contribute capital with freely exchangeable foreign currency or tangible/intangible property, such as machinery and equipment, industrial property rights and/or proprietary technology, etc. Cross-border RMB also can be used for direct investment. Subject to the approval of the relevant authorities, foreign investors can make capital contributions using RMB profits earned by other FIEs set up in China.

## Proportion of Total Investment and Registered Capital<sup>③</sup>

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



## Contribution Requirements<sup>②</sup>

The registered capital of a limited liability company is the total equity or capital contributions to be paid in full by the shareholders, which is registered with the government authorities. The minimum paid-up value and the minimum registered capital of a limited liability company must be in compliance with administrative regulations and decisions of the State Council.

Shareholders must fully pay their subscribed capital contributions as stipulated in the company's articles of association. Cash contributions must be deposited in the company's bank account. Noncash contributions must be made in compliance with the law. Shareholders that fail to make full payment of their capital contributions are jointly and severally liable for that amount to the company and other shareholders, as well as to creditors if the company is unable to pay its debts.

Total investment	Registered capital
Over USD 30 million	At least 1/3 of the total investment, but if the total investment of a project is less than USD 36 million, the registered capital must be at least USD 12 million
Between USD 10 million and USD 30 million	At least 40% of the total investment, but if the total investment of a project is less than USD 12.5 million, the registered capital must be at least USD 5 million
Between USD 3 million and USD 10 million	At least 50% of the total investment, but if the total investment in a project is less than USD 4.2 million, the registered capital must be at least USD 2.1 million
Less than USD 3 million	At least 70% of the total investment

Source:

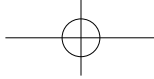
- ① Rules for the Implementation of the Law of the People's Republic of China on Foreign-Funded Enterprises (State Council Order No. 301 (2001))
- ② Company Law of the People's Republic of China (Chairmen's Order No. 8 (2013))
- ③ Provisional Regulations for the Proportion of Registered Capital to Total Amount of Investment of Joint Ventures Using Chinese and Foreign Investment (State Administration for Industry and Commerce No. 38 (1987))



## 2. Main Taxes Applicable to Foreign-Invested Enterprises

Income tax	Scope of taxation	Tax rate
<b>Corporate income tax</b>	Resident enterprises are subject to corporate income tax on income derived within China and abroad. Nonresident enterprises are subject to corporate income tax on income derived within China and income generated outside China but effectively connected to their offices and places within China.	Statutory tax rate: 25% Small profit tax rate: 20% High-tech corporate tax rate: 15% Withholding tax rate: 10%
<b>Personal income tax</b>	An individual who is resident in China or who is not resident in China, but has stayed in China for a full year is subject to personal income tax on worldwide income. An individual who is not resident in China and has not stayed in China or who is not resident, but has stayed in China for less than one year is subject to personal income tax on income derived from China-source income. There are 11 types of income, including wages and salaries and compensation for labor.	Statutory tax rate: 3%-45%
Turnover tax	Scope of taxation	Tax rate
<b>Value-added tax</b>	VAT is levied on an individual or entity engaged in the sale of goods, the provision of processing, repair and replacement services, the provision of certain modern services and the import and transport of goods.	Statutory tax rate: 0%, 6%, 11%, 13%, 17%
<b>Consumption tax</b>	Consumption tax applies to individuals and entities engaged in the production, outsourcing of processing and the import or sale of 14 categories of consumer goods (e.g. cigarettes, alcohol, cosmetics, etc.). The consumption tax amount is derived from a calculation of an ad valorem rate and a fixed amount. There are 14 classes of taxable consumer goods, including cigarettes, alcohol and cosmetics.	Ad valorem statutory rate: 1%-56%
<b>Business tax</b>	Business tax is imposed on entities and individuals that provide taxable services, transfer intangible assets or sell real estate in China.	Statutory tax rate: 3%-20%
<b>Customs duties</b>	The consignee of imported goods, the consignor of exported goods and owners of imported goods are required to pay customs tariffs.	Varies
Other taxes	Scope of taxation	Tax rate
<b>Deed tax</b>	Deed tax is imposed on the transferee of real property in China, and is calculated based on the price of the property.	Statutory tax rate: 3%-5%
<b>Property tax</b>	The owner of real property located in urban areas is subject to the real estate tax, based on the assessed or rental value of the property.	Statutory tax rate (according to the tax value): 1.2% Statutory tax rate (based on rental income): 12%
<b>Land appreciation tax</b>	Land appreciation tax is levied on the transfer of state-owned land and/or architectural buildings and fixtures, depending on the gain realized.	Statutory tax rate: 30%-60%
<b>Stamp duty</b>	Stamp duty is levied on written contracts and other prescribed documents in China. The duty is based on the number of pages or the amount in the instrument.	Statutory tax rate (based on certificate amount): 0.005%-0.1% Certificate cost: RMB 5 per page

Source:  
State Administration of Taxation (as of July 31, 2014)



# Major Government Organizations in Charge of Investment Services in Changning District, Shanghai

## **Shanghai Changning Administrative Service Center**

Add: 1436 Changning Road (nearby the crossing of Zhongshan West Road)  
Tel: 22253000

## **Hongqiao Linkong Economic Zone Investment Service Center**

Add: Fl. 8, No. 2 Building, Lane 631, Jinzhong Road, Shanghai  
Tel: (021) 52198577

## **Xianxia Modern Services Promotion Sub-Center**

Add: No. 25, Lane 337, Honggu Road, Shanghai  
Tel: (021) 62614184, 62614167, and 62627044

## **Hongqiao Modern Services Promotion Sub-Center**

Add: 1004 Hongqiao Road, Shanghai  
Tel: (021) 32090341, and 32096672

## **Tianshan Modern Services Promotion Sub-Center**

Add: 456 Zunyi Road, Shanghai  
Tel: (021) 63806809, and 62598576

## **Bei Xinjing Modern Services Promotion Sub-Center**

Add: 51 North Pusong Road, Shanghai  
Tel: (021) 52163752

## **The Business Commission of Changning District**

Add: Fl. 8, 599 Changning Road  
Tel: 22050817

## **Xinjing Town Modern Services Promotion Sub-Center**

Add: 68 Quankou Road, Shanghai  
Tel: (021) 52198552

## **Zhou Jiaqiao Modern Services Promotion Sub-Center**

Add: No. 203, 1618 Changning Road, Shanghai  
Tel: (021) 52738879 and 52734166

## **Jiangsu Modern Services Promotion Sub-Center**

Add: Fl. 2, 1118 Yuyuan Road, Shanghai  
Tel: (021) 62407811 and 62137674

## **Chengqiao Modern Services Promotion Sub-Center**

Add: 2282 Hongqiao Road, Shanghai  
Tel: (021) 22300020

## **Huayang Modern Services Promotion Sub-Center**

Add: No. 7, Lane 1235, Dingxi Road, Shanghai  
Tel: (021) 62528052 and 62409564

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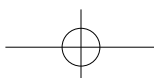
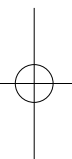
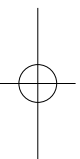
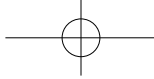
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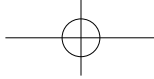
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