



Research Report on Investment Environment of Jiangmen City, Guangdong Province, China

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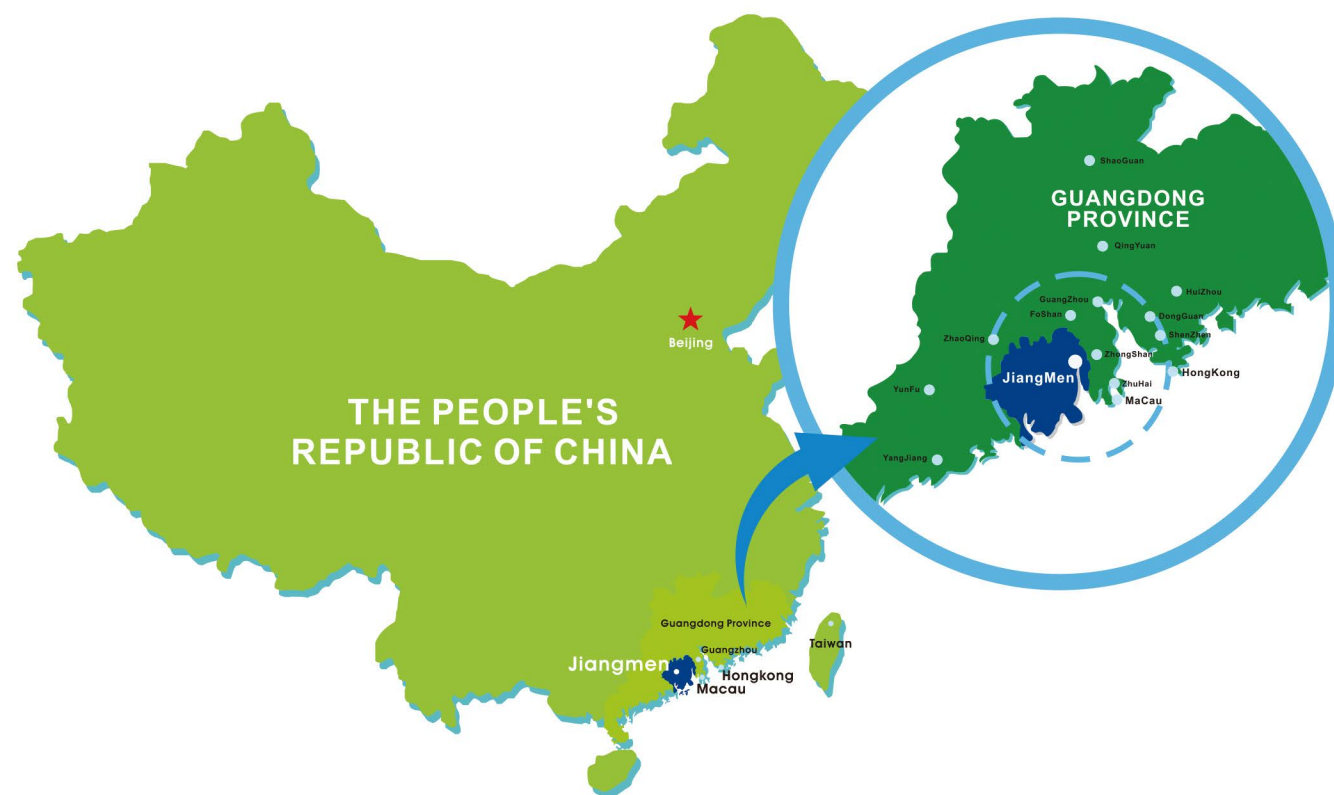
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Foreword



Jiangmen City in Guangdong Province, which is located in the western part of the Pearl River Delta (PRD), is also one of the key cities of the PRD economic zone. One of Jiangmen's principal functions is to serve as a traffic artery, affording access to other PRD cities, as well as Hong Kong and Macau, to the populations of western Guangdong and southwestern China.

During the 12th Five-Year Plan period, China's economy is undergoing a historic transformation from a labor-intensive model to a new knowledge-, technology- and capital-intensive model. Since the beginning of the 12th Five-Year Plan period, Jiangmen has rapidly developed its advanced manufacturing industries and accelerated the development of strategic emerging industries. At the same time, the city has continued to optimize its traditional industries and strengthen its modern services sector.

2013 is a critical year for the achievement of various objectives set down in the 12th Five-Year Plan. It also is a year offering important opportunities for Jiangmen to meet its strategic objectives in sustainable economic and social development. Against this background, Deloitte Touche Tohmatsu Certified Public Accountants LLP (hereinafter "Deloitte" or "We") are honored to have been commissioned by Jiangmen's Bureau of Foreign Trade and Economic Cooperation (BOFTEC) to prepare for investors a research report on the city's investment environment, combined with professional studies and analysis providing an objective, third-party perspective.

This report is compiled based on Deloitte's independent survey of Jiangmen, including field studies and corporate interviews, in combination with qualitative and quantitative research. We have summarized the various aspects that investors will wish to consider when contemplating investment in Jiangmen and have included a number of indicators proposed by the Ministry of Commerce and local authorities for the evaluation of the investment environment. Specifically, we have provided a comparative evaluation using the two indicators of "satisfaction" and "importance" and have presented a systematic picture of Jiangmen's investment environment that examines the following five factors:

- Government policies
- Business cooperation environment
- Infrastructure
- Human resources
- Living environment

Studies have shown that overall trends in the global economy are having an enormous impact on China's existing export-oriented economic growth model. The inevitable consequence has been that China has had to make adjustments to its macroeconomic policies that allow it to optimize and transform its model for economic growth and subsequently drive its industrial transition. Despite its large manufacturing base, China has always been relatively weak in its manufacturing technologies. The country is currently at a key stage of economic development: it will not be possible for China to narrow the gap with developed countries and continue to prosper in the face of fierce market competition unless the country keeps pace with the global trend for the development of advanced manufacturing technologies and gives priority to its own development of those technologies.

With its profound historical and cultural heritage, convenient land and water traffic network, as well as a sustainable environment for development, Jiangmen is poised to confirm and enhance the pivotal role of its manufacturing industry, in particular its advanced manufacturing sectors, in the region's economic development. The city's traditional advantages and strengths will provide a platform for the dynamic expansion of high-tech industries such as equipment manufacturing, new materials and new energies, and the active development of modern service sectors such as modern logistics, finance, conventions and exhibitions, science and technology, which in turn will further the overall transition of Jiangmen's industrial structure.

Another feature of Jiangmen that lends the city a unique charm and a singular cultural dimension is the role played by overseas Chinese who call Jiangmen their home town. The contributions of overseas Chinese who were born in or originate from Jiangmen continue to have a significant impact on the city and the surrounding areas, as well as on Guangdong Province and on China as a whole. These overseas Chinese are active in promoting Jiangmen's development by investing in its industries, donating to local education and running publications devoted to building the city's wider reputation.

Going forward, Jiangmen is actively committed to enhancing its integration with the neighboring cities of Zhuhai and Zhongshan. With the twin objectives of becoming a key developer of advanced manufacturing industries in the PRD region and evolving as a model eco-friendly, livable city, Jiangmen will continue to build on its influence as a focal point for industrial conglomeration in the region, while working to improve the coordination between its various facilities. This should enable Jiangmen to attract more domestic and foreign investment and confirm its role as a critical driver of economic prosperity in the PRD.

Note: The 12th Five-Year Plan refers to the 12th Five-Year Plan (2011–2015) for the National Economic and Social Development of the People's Republic of China.

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1. Jiangmen Profile

Introduction

The PRD is both a pioneering player in China's economic reform and opening up initiative and a key national economic center. In these respective roles, it provides significant momentum to, and is a crucial strategic element of, China's social and economic development.

Jiangmen's strategic location in Guangdong Province makes it a vital city for the western PRD. More broadly, it plays an important role in the economic development of the PRD region, Guangdong Province as a whole and, indeed, southern China.

It has long been our development strategy to set up a manufacturing base in southern China. Lying at the forefront of the southern China market, Jiangmen has a very suitable environment for us in terms of R&D, manufacturing and services, together with a well-developed traffic network. Jiangmen is the only base for our presence in southern China and for expanding our influence to the overall Southeast Asia in future.

— Ma Junqing, President of Dalian Machining Tool Group Co., Ltd.



1.1 Jiangmen Overview

Superior location

Jiangmen (which means "Door of the River" in Chinese) takes its name from its geographic location in the western part of the PRD. It is the place at which the Xijiang River and its tributary, the Pengjiang River, converge, with Penglai Mountain on the northern bank and Yandun Mountain on the southern bank forming the two halves of a door.

Along with Zhongshan and Zhuhai to the east, Yangjiang to the west, Guangzhou and Foshan to the north and Nanhai to the south, Jiangmen is one of the port cities of the western PRD. It also lies not far from Hong Kong and Macau.

Favorable ecological environment

Jiangmen's subtropical oceanic location blesses it with mild weather, abundant rain, little frost and no snow. Sufficient clear-day sunshine means that the local vegetation stays green throughout the year, contributing to Jiangmen's appealing scenic landscape. In 2012, the forest covers an area of 411,800 hectares, the coverage rate reached 44.3%.^① This hospitable ecological environment provides conditions that bode well for sustainable, long-term economic development.

Jiangmen is reputed as the "No. 1 Homeland of Overseas Chinese" because of the number of Chinese living overseas and in Hong Kong, Macau and Taiwan. There are around four million people of Jiangmen origin living in 107 different countries and regions, accounting for one-tenth of the total number of overseas Chinese.

Abundant space with great potential

Jiangmen's total land area of 9,504 km² accounts for one quarter of the land area of the PRD region and includes 1,818 km² of urban land area.

Jiangmen governs the three districts of Pengjiang, Jianghai and Xinhui, as well as the four county-level cities of Taishan, Kaiping, Enping and Heshan. Jiangmen and the four county-level cities are collectively known as "Wuyi" (Chinese for the "five counties").

Stable environment for development

Jiangmen has made considerable economic and social progress over the last few years and has worked diligently to build on its reputation as the admired hometown of many overseas Chinese. In addition to being committed to the steady development of its economy, Jiangmen has concentrated on building a socially stable environment with an eye to long-term success.

Jiangmen has long been proud of its standing as one of the safest cities in the PRD region and is increasingly known for its good public order and harmonious environment.

As the well-known hometown of overseas Chinese, Jiangmen is a beautiful, open and inclusive city full of business opportunities. Its excellent geographic location and the good investment environment have attracted investors from home and abroad, including us.

— Tsao Fu-Ling, Chairman of South China Region, Master Kong Holdings Limited



Source:

① Statistical Bulletin of the National Economic and Social Development of Jiangmen City for 2012

1.2 Macroeconomy

Rapid development of regional economy

In 2012, Jiangmen's gross domestic product (GDP) reached RMB 191,008 million, up by 8.1% over 2011, with a growth of 3.6% in the primary industry, 11.3% in the secondary industry and 3.9% in the tertiary industry. ①

Continuing optimization of industrial structure

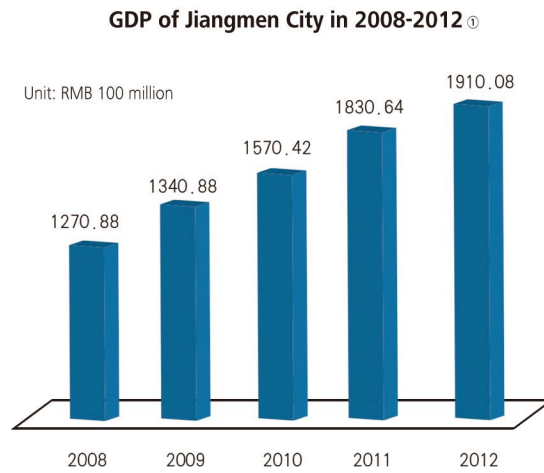
Since the beginning of the reform and opening up of the Chinese economy, Jiangmen has improved its industrial configuration by continuously increasing the share of the secondary and the tertiary sectors in its overall economy, with the manufacturing and modern service sectors exhibiting particularly robust growth. In 2012, the proportions of the three major industry sectors in Jiangmen were 7.8 (primary), 53.5 (secondary) and 38.7 (tertiary). ①

Proportion of the Three Major Industries of Jiangmen City



Note: According to regulations issued by the National Bureau of Statistics in 2003, the scope of the three industries are as follows:

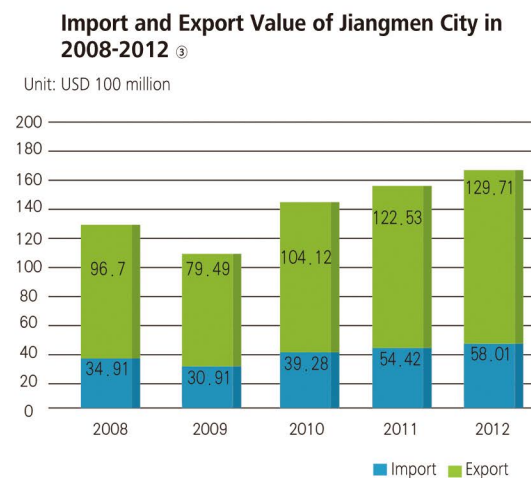
- Primary industry: Agriculture, forestry, animal husbandry and fisheries;
- Secondary industry: Mining, manufacturing, the production and supply of electricity, water and gas, and construction;
- Tertiary industry: Economic activities not included in the primary or secondary industries, mainly including service sectors.



Rapid growth in foreign trade

According to customs statistics, the city's total import and export value in 2012 reached USD 18,772 million, an increase of 6.1% over the previous year. Export value amounted to USD 12,971 million, up by 5.9%, and import value to USD 5,801 million, up by 6.7%. ① The increases in Jiangmen's import and export figures were higher than those of Guangdong Province as a whole for the same year.

Jiangmen ranked No. 8 among all prefecture-level cities in Guangdong Province in 2012 in terms of import and export value, and total value. ②



Sources:

- ① Statistical Bulletin of the National Economic and Social Development of Jiangmen City for 2012
- ② Jiangmen Bureau of Foreign Trade and Economic Cooperation website
- ③ Jiangmen Statistical Yearbook 2012 and Statistical Bulletin of the National Economic and Social Development of Jiangmen City for 2012

1.3 Foreign Investment

A magnet for foreign investors

Since the beginning of the reform and opening up of the economy, Jiangmen has attracted nearly 8,000 foreign-invested enterprises, with an accumulated foreign investment amount of over USD 13 billion in operational use. Many of the Fortune 500 companies have invested in Jiangmen. ①

Well-Known Enterprises Investing in Jiangmen

U.S. Emerson	BP
Japanese Mitsubishi Heavy Industries	Swiss ABB
Korean Hyundai	EDF
Japanese Panasonic	Hong Kong Hutchison Whampoa
veolia	Tesco
U.S. Mondelz	Metro

As confirmed by China's Ministry of Commerce, Jiangmen made significant achievements in attracting foreign direct investment in 2012, including:

153

Newly approved projects for foreign direct investment

USD 1,365 million

Newly approved contractual foreign capital

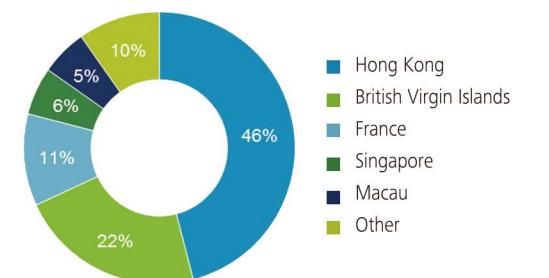
USD 870 million

Actual absorption of foreign capital

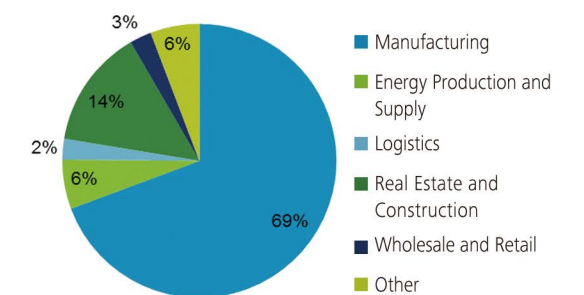
Sources:

- ① Guide to Investment in Jiangmen City
- ② 12th Five-Year Plan for Foreign Trade and Economic Cooperation of Jiangmen City
- ③ Information provided by Jiangmen Bureau of Foreign Trade and Economic Cooperation

Sources and Proportions of Investment in Jiangmen during the 11th Five-Year Plan Period ②



Percentages of Foreign Direct Investment in Various Sectors ③



Development Goals of 12th Five-Year Plan

In view of the level of development during the 12th Five-Year Plan period, Jiangmen has established a series of goals for the utilization of foreign investment ②

- Actual absorption of foreign capital at more than USD 1 billion per annum on average
- The establishment of one or two new companies in the city by Fortune 500 companies or other large overseas enterprises each year
- An increase in the proportion of foreign capital in the advanced manufacturing and modern service sectors

1.4 Consumer Market

Active consumer market

During the 11th Five-Year Plan period, Jiangmen witnessed a steady improvement in its commercial services, with an average growth of 16.2% in total retail sales of social consumer goods per annum. ① Jiangmen recorded RMB 80,721 million in total retail sales of consumer goods in 2012, up by 10% over 2011.②

Wholesale and Retail (RMB)	Growth Rate	Hospitality and catering (RMB)	Growth Rate
71,263 million	10.1%	9,458 million	9.5%

Steady growth of residents' income

During the 11th Five-Year Plan period, urban and rural residents in Jiangmen earned more money as a result of the sustainable and rapid growth of China's economy. As of the end of 2012, the disposable income of Jiangmen's urban and rural residents reached RMB 27,000 and RMB 11,000, up by 12.9% and 13.5%, respectively, over the previous year.③

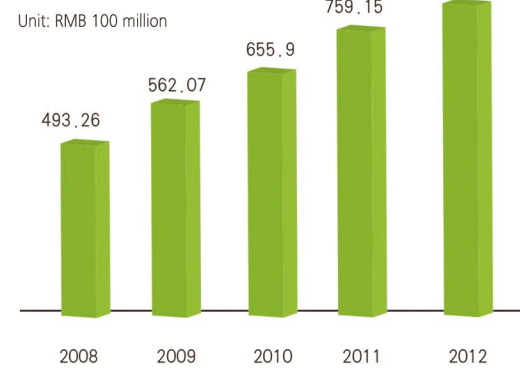
In tandem with the increase in income, urban and rural residents in Jiangmen have greater purchasing power and buying momentum, which lays the foundation for the prosperity of the consumer market of Jiangmen.



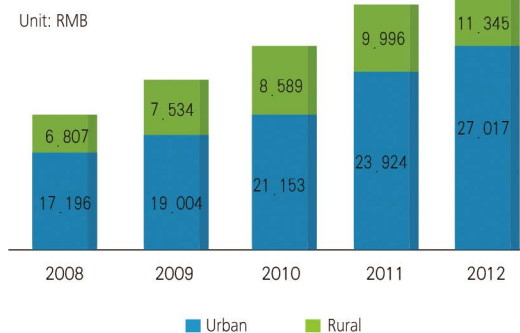
Sources:

- ① 12th Five-Year Plan for the Development and Revitalization of the Service Sectors of Jiangmen City
- ② Statistical Bulletin of National Economic and Social Development of Jiangmen City for 2012

Total Retail Sales of Social Consumer Goods in 2008-2012 ②



Per Capita Disposable Income of Jiangmen Residents in 2008-2012③

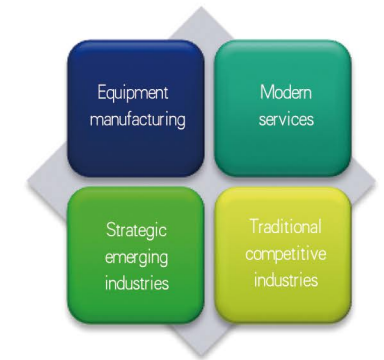


Deloitte Insight

Despite challenges, China's economy has been able to maintain rapid growth over the last 10 years. The significant increase in the income of residents and the emergence of large group of middle-class consumers has spurred the precipitous growth of the retail sector.

— Multi-format Retailing: Path of Future Development of Enterprises
Focus on Retail Chains in China

1.5 Industry Development and Planning



According to the "Outline of the Plan for the Reform and Development of the Pearl River Delta," the PRD is to fashion a mainstay industry cluster, with a twin grounding in modern service industries and advanced manufacturing industries. Jiangmen also is to evolve to a modern industrial system with higher level industrial structure, concentrated industrial development and high-end competitiveness by promoting the integration of information technology and industrialization, prioritizing the development of modern service industries, accelerating the growth of advanced manufacturing industries, building up hi-tech industries, renovating and upgrading the favored traditional industries, and actively developing modern agriculture. ①



In 2012, Jiangmen recorded RMB 266,020 million gross industrial output from businesses over the designated scale, an increase of 11.5% compared to 2011. Industrial added value was RMB 60,549 million, up 12.1% over 2011, including a growth rate of 10.9% for light industry and 13.1% for heavy industry. ②

During the 12th Five-Year Plan period, Jiangmen will continue to optimize its economic structure, with advanced manufacturing playing the lead role and the modern service sector a supporting role. Service sector added value is forecast to increase to 42% of GDP. Innovation capacity will be significantly enhanced, with R&D expenses growing to 2% of GDP and the high-tech manufacturing share of added value expanding to 10% of total industrial added value. ③

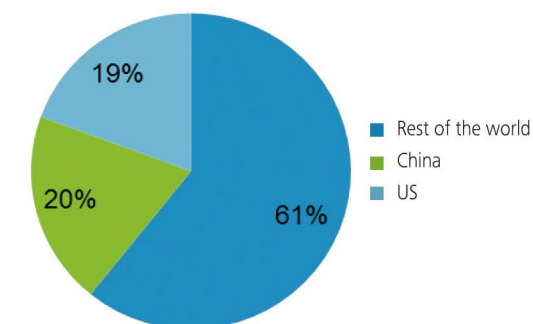
Jiangmen has established the following industry development goal for the 12th Five-Year Plan period: accelerating the construction of a national base for advanced manufacturing, with a focus on building a "new town" for modern industries.

Deloitte Insight

The epicenter for global manufacturing continues to shift to emerging markets and Asia in particular. With the rise of China, India and Korea, Asia has become the world's most competitive location. Both an ad hoc survey and in-depth research into the competitiveness of China's manufacturing industry, demonstrate that, despite the current volatility in the global economy, China has managed to sustain sound development in its manufacturing industry. The Chinese economy has experienced significant expansion and development over the last 30 years. With this long history and solid foundation, China's manufacturing industry has experienced both internal growth and success in the external market since the introduction of market-oriented reforms and China's entry into the WTO.

— Where is China's Manufacturing Industry Going
Deloitte China Manufacturing Competitiveness Survey 2011

Per Capita Disposable Income of Jiangmen Residents in 2008-2012③



Sources:

- ① Outline of the Plan for the Reform and Development of the Pearl River Delta
- ② Statistical Bulletin of the National Economic and Social Development of Jiangmen City for 2012
- ③ Twelfth Five-Year Plan for the Development and Revitalization of the Service Sectors of Jiangmen City

1.5 Industry Development and Planning: Advanced Manufacturing

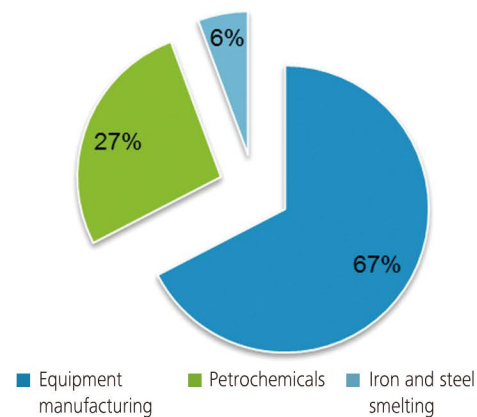
The "Outline of the Plan for the Reform and Development of the Pearl River Delta" designates Jiangmen as a key region for the development of advanced manufacturing. Advanced manufacturing accounts for a large proportion of Jiangmen's primary industry and enjoys a strategic significance for its future development. Full effort will be devoted to securing recognition of its vital role in developing advanced manufacturing in the PRD region. ①

Current development of advanced manufacturing ②

Advanced manufacturing recorded a gross output value of RMB 91,555 million in 2012, up 10.5% over 2011. Added value increased by RMB 19,950 million, representing growth of 13.3% over the previous year. Advanced manufacturing gross output value and added value accounted for, respectively, 34.4% and 32.9% of the gross output value and added value of businesses over the designated scale.

In 2012, Jiangmen had 626 advanced manufacturing enterprises, 33.8% of the 1,851 businesses over the designated scale.

Percentages of Advanced Manufacturing Industries by Output Value in 2012



Rapid development of high-tech industries

As of the end of 2012, the city had 317 high-tech enterprises, including 116 at the national level. The added value of high-tech manufacturing increased by RMB 4,257 million, with an increase of 22% from 2011. ③

Ambitious goals of the 12th Five-Year Plan

During the period 2011-2015, Guangdong Province will focus on the development of capital- and technology-intensive and interrelated industries, such as equipment, automobiles and petrochemicals. ④

In this context, Jiangmen has set a goal to accelerate the construction of a national base for advanced manufacturing, with a focus on building a new town of modern industries and taking all steps necessary to develop the equipment manufacturing sector. ④

The city's advanced manufacturing industries will provide significant added value by 2015:

20 billion	Manufacturing of traffic and transportation equipment
45 billion	Equipment manufacturing
28 billion	Electronics and information
23 billion	Fine chemicals
20 billion	New materials

Sources:

- ① Development Report on Jiangmen's Advanced Manufacturing Industries in 2010
- ② Jiangmen Municipal Bureau of Statistics
- ③ Outline of the 12th Five-Year Plan for the National Economic and Social Development of Guangdong Province
- ④ Outline of the 12th Five-Year Plan for the National Economic and Social Development of Jiangmen City

1.5 Industry Development and Planning: Modern Services

Rapid development of modern service sectors

The proportion of the modern service sector rose rapidly in the tertiary industry during the 11th Five-Year Plan period, with sectors such as modern logistics, information services, finance and insurance, and real estate accounting for up to 44.5% of the total. The modern service sector has strong momentum in Jiangmen.

Particularly notable developments have occurred in producer service sectors, including modern logistics, information services and conventions and exhibitions. These sectors have become key domains for Jiangmen and Jiangmen has become a model for the producer service sector in the western PRD. ①

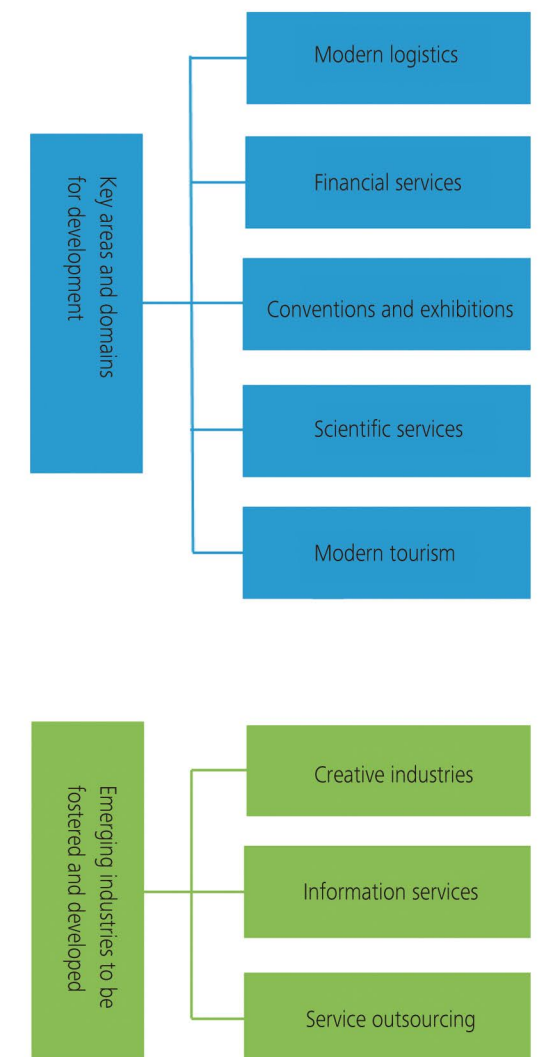
Industry development planning during 12th Five-Year Plan

It is projected that by 2015, the added value of modern service sectors will account for more than 50% of that of the city's tertiary industry, which will be driven by modern and conventional service sectors" rather than primarily by conventional services. ②



Sources:

- ① 12th Five-Year Plan for the Development and Revitalization of Service Sectors of Jiangmen City
- ② Outline of the 12th Five-Year Plan for the National Economic and Social Development of Jiangmen City



1.5 Industry Development and Planning: Emerging and Conventional Industries

Strategic emerging industries

Jiangmen's geographical advantage of being situated adjacent to water gives the city a competitive advantage in fostering the development of three major sectors—new optical sources, new energies and new materials—as well as a number of emerging industries such as nuclear energy, LED, rail transit equipment and chemical fibers.

Jiangmen currently has three strategic bases for emerging and high-tech industry bases: ①

Electronics and information	New energies	New materials
National Base for Electronics and Information Industry (Jiangmen)	Green (Semi-conductor) Light Source Illumination Industry Base for Jiangmen Hi-tech Development Zone	Jiangmen New Materials Base



Traditional competitive industries

During the 12th Five-Year Plan period, Jiangmen will implement a program to foster 100 enterprises above the designated scale, including a number of well-known brands and leading businesses, and it plans to construct 16 national-level industrial bases. ②

Traditional competitive industries	
Machinery and mechanical industry	Textile
Papermaking	Food industry
Electronics and Information	Building materials

Modern agriculture

The total output of Jiangmen's agricultural sector was about RMB 27,218 million in 2012, an increase of 4% over 2011. ② During the 12th Five-Year Plan period, Jiangmen will construct several modern agriculture parks at the national or provincial level, nurture agricultural technology innovation and take steps to strengthen agricultural infrastructure.



Sources:

① Outline of the 12th Five-Year Plan for the National Economic and Social Development of Jiangmen City

② Jiangmen Municipal Bureau of Statistics

2. Government Policies

Introduction

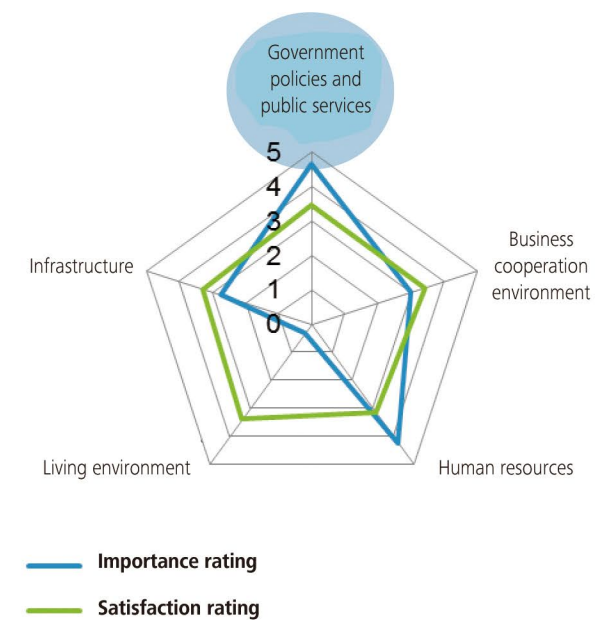
Adhering to the philosophy of "building a service-oriented government", the administration of Jiangmen renovates government policies and improves service efficiency, so as to create a good investment environment for the better growth and development of enterprises.

Jiangmen bears serving enterprises in mind when formulating policies and increases supports for key sectors, pursuing efficiency and transparency when providing administrative services for businesses and individuals. All those efforts contribute to attracting and cultivating enterprises with international competitiveness and influence, as well as to building an intelligent and high-tech city with comprehensive services and ecological excellence.

- The only pilot city in China for APEC's "RISE" (Regional Integration for Sustainable Economics) project
- Ranked No. 6 in the World Bank's "Report on Investment Environment in China" for 2005
- Emerging City of Financial Ecology with the Greatest Investment Value in China
- One of "Forbes' Best Commercial Cities in the Chinese Mainland" for nine consecutive years
- An area recognized for honesty and a safe investment environment

2.1 Summary of Survey on Government Policies

Importance / satisfaction analysis



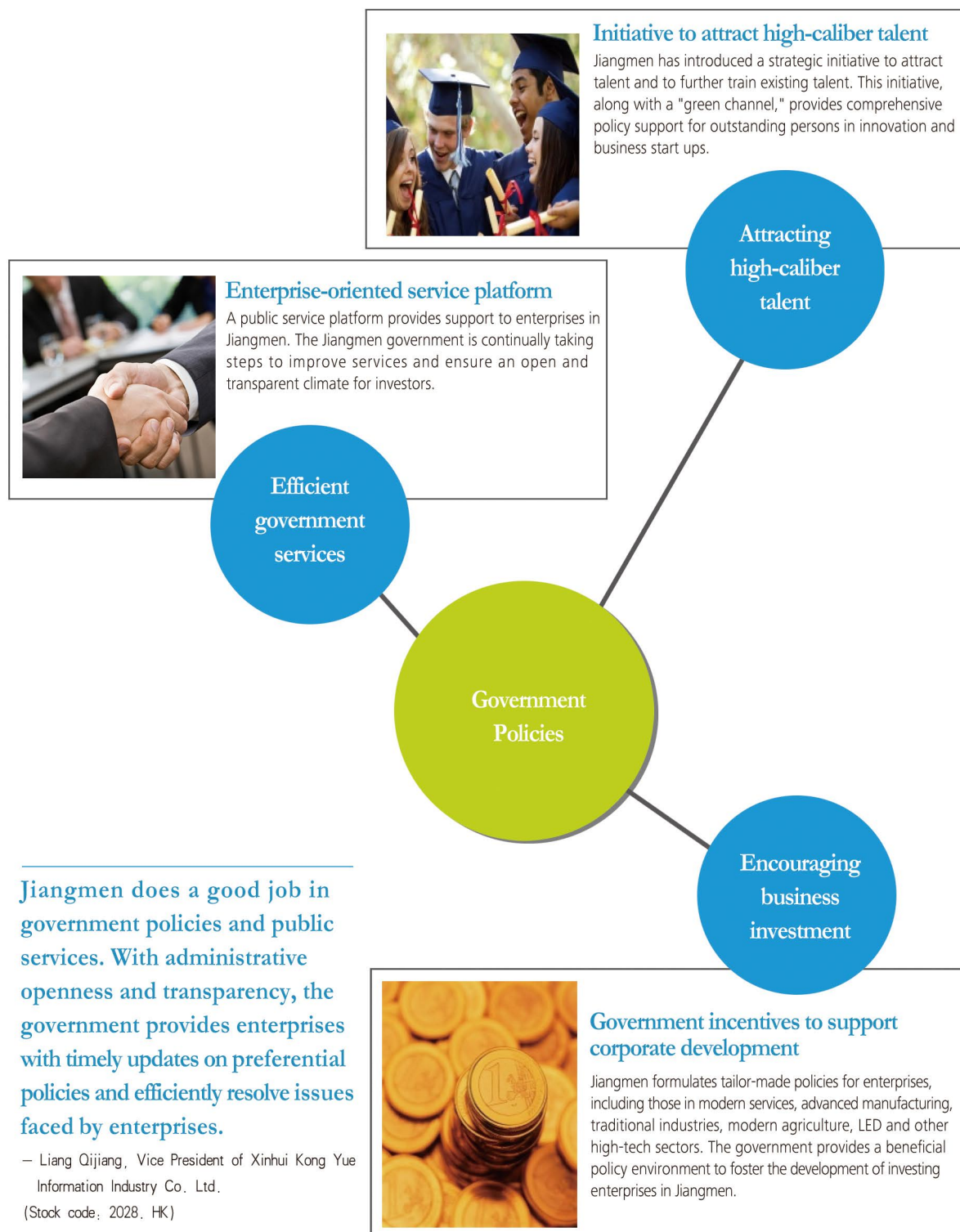
Feedback from the survey

- 93.33% of respondents surveyed believe that government policies are very important for the investment environment.
- 69.33% of respondents are satisfied with the government policies of Jiangmen.
- Respondents find the most important factor to be administrative efficiency and public services, followed by business incentives and the openness and transparency of local government policies.
- Respondents are the most satisfied with the government's administrative efficiency and public services, followed by the openness and transparency of local government policies, then innovative government policies and business incentives.

Importance / satisfaction analysis of individual factors



2.2 Government Policies and Services



Jiangmen does a good job in government policies and public services. With administrative openness and transparency, the government provides enterprises with timely updates on preferential policies and efficiently resolve issues faced by enterprises.

— Liang Qijiang, Vice President of Xinhui Kong Yue Information Industry Co., Ltd.
(Stock code: 2028, HK)

2.3 Incentive Policies

Stimulated jointly by national strategies and the market mechanism, Jiangmen has gradually improved the innovation factors in policies, funds, organizations and human resources, demonstrating strong vitality of policy innovation. As one of the major cities of the PRD region, Jiangmen implements the policy guidance of "adhering to investment promotion as the most important economic task", with great efforts in local policy innovation. By providing comprehensive support for technology, marketing, human resources and finance, Jiangmen has created an excellent investment environment for foreign-invested enterprises. Specific policies include:

- A "green service" channel with the preferential treatment of zero charges
- Concessions on land use, plant construction, the renting of premises and staff quarters
- Special support funds
- Concessions in utility rates

Examples of preferential policies

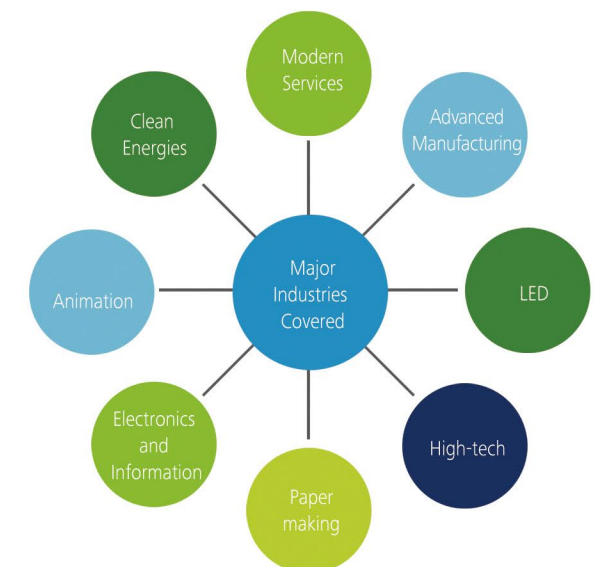
Corporate headquarters	Awards granted to recognized headquarters and senior executives
Large/innovative enterprises	Preferential and individualized treatment of Fortune 500 companies, high-tech enterprises, strategic emerging industries and projects generating significant tax revenue
Enterprises with capital increase and production expansion	Special support for enterprises with specified increases in registered capital
Newly-established companies	Special support for newly established enterprises with specified registered capital
Listed companies	Awards of RMB 0.5 to RMB 3 million
R&D centers	One-time awards to R&D centers and public technology platforms that are recognized by and that obtain special support funds from the nation/province
Innovation and scientific research teams	Special funding of RMB 5 million to RMB 50 million
Enterprises of the New Third Board ^①	Awards granted to enterprises listed in the high-tech zone

Note:

① The so called "New Third Board", i.e. an over-the-counter market for growth enterprises.

② Policies in this section are quoted from applicable legal documents of Jiangmen City

Major Industries Covered by Government Preferential Policies



Examples of land policies

Corporate headquarters	Beneficial land policies for corporate headquarters in order to meet their land use needs
Animation and gaming companies	Land support policies for qualified companies
Encouraged foreign-invested industrial projects	Awards based on acreage for projects with a certain amount of investment capital
Supporting industries related to rail transit	Priority to related companies in terms of land use application and formalities

2.4 Talent attraction policies

Attracting high-caliber talent

Recognizing the importance of talent for its prosperity and invigoration, Jiangmen makes great efforts to attract and to retain high-quality and high-level professionals in line with scientific concept of development, providing a good environment for the personal pursuit of such talent.

Talent "132" Project

With a view to attracting and cultivating high-end talent with deep knowledge in cutting-edge sectors, Jiangmen aims to construct a system of high-tech professionals, establishing a specific program to attract related talent. The "132" program is designed to train and discover the following talent over a five to six-year period:

- 100** Academic and technical leaders about 45 years of age at the municipal level
- 300** Back-up academic and technical leaders under 40 years old at the municipal level
- 2,000** Professional and technical backbones under 30 years old

Personnel policies



New pattern of talent cultivation

School-enterprise partnerships: Establishing pilot bases of talent cultivation to train skilled professionals for specific enterprises.

Entrepreneur cultivation program: Send talented entrepreneurs overseas for visits and studies on a regular basis.

Flexible policies for personnel admission	"Four no-limits": No limits are placed on the origin, major or academic level, or graduation date of an individual; permanent residence permits will be granted to individuals from areas outside Jiangmen, including skilled individuals from rural areas
Complete system for training skilled talent	Set up a "one-stop" service platform to attract high-caliber talent to Jiangmen and simplify approval procedures for individuals intending to work, to innovate technology or to start a business in the city
Awards	Reward and recognizing individuals who make outstanding contributions, by granting awards, such as the Wuyi Talent Award, Wuyi Entrepreneurial Talent Award, Wuyi Technical Expert Award, Jiangmen Distinguished Experts Award, Jiangmen Overseas Talent Contributions Award, etc.

2.5 Government Services

The government of Jiangmen endeavors to transform its administrative functions from "approval" to "services" to achieve:

- Streamlined procedures
- Reduced costs
- Time-saving and convenience

Platform of comprehensive services

Jiangmen has set up a platform to provide public services throughout the city, including:

- An administrative service center
- An online administrative service system
- A service hotline

Established in 1997, the administrative service center is based on the "six in one service concept," and is a vital tool used to enhance the approval process, promote innovation, improve relations with the community and strengthen social construction.



We chose to settle in Jiangmen because of the down-to-earth attitude of the local government, the city's excellent geographical location and the adequate supply of technical personnel.

— Mi Liangyuan, General Manager of Guangdong Hisense Multimedia Co., Ltd.

Jiangmen is the first city in China to introduce the ISO 900:2000 management system into government agencies



Pilot services in the new industrial park

The government provides a "green channel" to enterprises settling in the park and also exempts qualified companies from having to pay administrative and service fees that otherwise would apply to the establishment and operation of a business in Jiangmen.



Efficient customs clearance services

Jiangmen Customs is the only customs administration in China that has jurisdiction over two national-level major nuclear power plants.

To alleviate pressure on the port and the burden on enterprises, Jiangmen has developed new port inspection measures that include preparing a customs declaration at the port of dispatch and clearance at the port of receipt and the ability to prepare a declaration according to the category of the goods. As a result, only one set of procedures applies for the declaration, inspection and release of goods, which has had a positive effect on the efficiency of customs clearance.

3. Business Cooperation Environment

Introduction

The environment for business cooperation is an important indicator for measuring the competitiveness of a region and a key consideration for enterprises when selecting an investment destination.

Jiangmen is equipped with excellent commercial facilities, various venues for business exchanges and vibrant shopping areas. These features create a good business climate for the city.

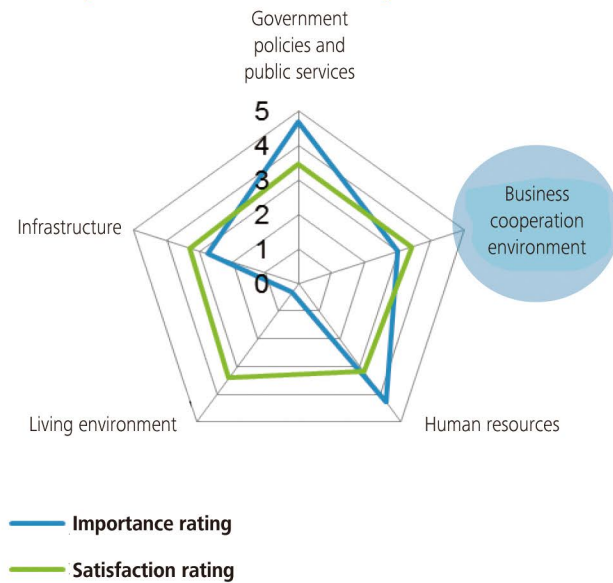
As one of the important portals in southern China, Jiangmen has huge development potential and is a key area for our business plans. We focus on expanding the business of vehicle-borne electronics. Jiangmen has an excellent customer base, with supply and customer chains in both the upstream and downstream sectors.

— Tan Huiqing, Section Chief of the Planning Section, Panasonic Electronic Devices (Jiangmen) Co., Ltd.



3.1 Summary of Survey on Business Cooperation Environment

Importance / satisfaction analysis



Feedback from the survey

- 60% of respondents believe that the business cooperation environment is very important for the investment environment.
- 68.28% of respondents are satisfied with the business cooperation environment of Jiangmen.
- Respondents cite the most important factors as financial institutions, financial services and products, logistics support and professional service providers.
- Respondents are most satisfied with commercial office buildings and supporting facilities, financial institutions, financial services and products, logistics support and professional service providers.

Importance / satisfaction analysis of individual factors



3.2 Current Status of Industrial Clusters

Six pillar industries

In addition to implementing the "industrial cluster strategy," Jiangmen also brings into play the leadership of business groups. The city has witnessed gradual expansion of its industrial scale and has formed six pillar industries: machinery and mechanical, textiles and garments, food, papermaking and paper products, electronics and information technology, and building materials. In addition, Jiangmen has set up 16 industrial bases at the national level and 6 at the provincial level, for the sectors of auto parts, motorcycles, new materials, bathroom hardware and electronics & information. The city boasts 14 of China's renowned brands and 13 of China's famous trademarks, with around a dozen products ranking No. 1 across China in terms of production scale and sales volume.



Machinery and mechanical

- This key pillar industry of Jiangmen mainly includes home appliances, hardware and stainless steel, motorcycles and components, and water heating facilities.
- The machinery and mechanical industry had a total output value of RMB 57,610 million in 2012.
- After years of development, the industry has seen many products rise to prominence at the national and the provincial levels; examples include the Haojue motorcycle and the Jinling washing machine.

Textiles and garments

- Jiangmen is one of the largest textile and chemical fiber industry bases in Guangdong, featuring a wide range of products in the chemical fiber, textile and garment sectors.
- This industry had a total output value of RMB 25,661 million in 2012.
- The textile sector includes two of China's renowned brands (including the Jinfan nylon yarn) and one famous Chinese trademark, while two products are exempted from national inspection.

Food industry

- The food industry is one of the traditional competitive industries of Jiangmen, with nearly 1,200 enterprises engaged in food production and processing.
- This industry had a total output value of RMB 14,388 million in 2012.
- Brands such as Master Kong, Kraft, Heinz, Lotus, Lee Kum Kee and Jiashili are known in China and abroad.

Note:

① Jiangmen Bureau of Foreign Trade and Economic Cooperation

Papermaking and paper products

- There are 128 papermaking and paper product enterprises above the designated scale, with their products mainly for household, cultural and packaging purposes.
- This industry had a total output value of RMB 10,775 million in 2012.
- Along with Vinda paper, the industry is also proud of having one famous trademark in China and one product exempted from national inspection.

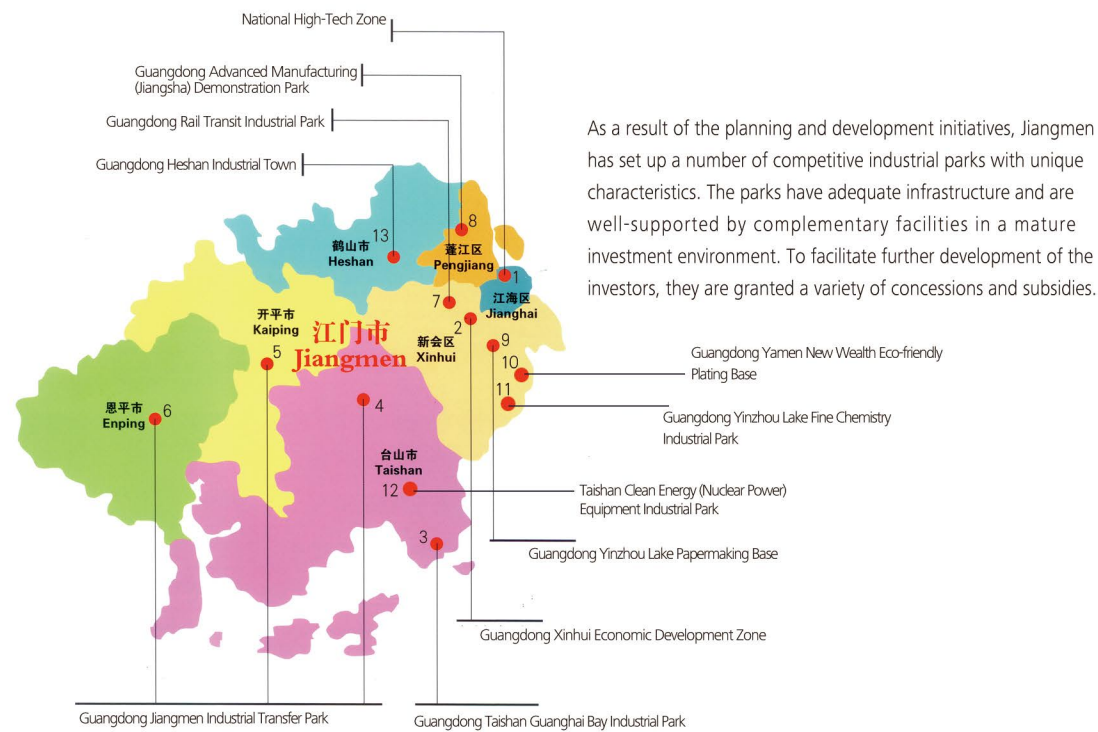
Electronics and information technology

- There are over 2,000 electronics and information technology enterprises in Jiangmen.
- Competitive areas include home appliances, mechanical products for electronic and information purposes, electronic components, semi-conductor and optoelectronic devices, and computer peripherals.

Building materials

- Jiangmen's building materials industry has taken shape, supported by the glass, cement, sanitary ware, aluminum profiles and coating materials sectors.
- The industry boasts three of China's renowned brands, including the SAP aluminum alloy building material and the Carpoly architectural coating, as well as one of China's famous trademarks and four products exempted from national inspection.

3.3 Core Industrial Parks



Core industrial park	Level	Location	Leading sectors
1 National High-Tech Zone	National	Jianghai District	Electronics and information, mechanical and electrical integration, biochemistry, pharmaceuticals and green light sources
2 Guangdong Xinhui Economic Development Zone	Provincial	Xinhui District	Port-based sectors for advanced equipment manufacturing, new energies and materials, and modern logistics
3 Guangdong Taishan Guanghai Bay Industrial Park	Provincial	Taishan City	Port-based sectors such as equipment manufacturing, fine chemistry, marine engineering and marine biological medicine
4 Guangdong Jiangmen Industrial Transfer Park (Taishan Park)	Provincial	Taishan City	Auto parts, hardware machinery (including aluminum profiles) and related advanced manufacturing
5 Guangdong Jiangmen Industrial Transfer Park (Kaiping Park)	Provincial	Kaiping City	Electronics and information, hardware and machinery manufacturing, textiles and garments
6 Guangdong Jiangmen Industrial Transfer Park (Enping Park)	Provincial	Enping City	Electronics and information, hardware and machinery manufacturing, textiles and garments
7 Guangdong Rail Transit Industrial Park	Municipal	Xinhui District	Production of intercity motor cars below 200 km/h; intermediate repair and overhaul of rail transit vehicles
8 Guangdong Advanced Manufacturing (Jiangsha) Demonstration Park	Municipal	Pengjiang District	Food, daily chemistry, precision machinery, new energies
9 Guangdong Yinzhou Lake Papermaking Base	Municipal	Xinhui District	Papermaking and related sectors
10 Guangdong Yamen New Wealth Eco-friendly Plating Base	Municipal	Xinhui District	Metal finishing such as gliding, silvering, coopering and galvanizing
11 Guangdong Yinzhou Lake Fine Chemistry Industrial Park	Municipal	Xinhui District	Fine chemistry, new chemical materials and related sectors
12 Taishan Clean Energy (Nuclear Power) Equipment Industrial Park	Municipal	Taishan City	Nuclear power equipment manufacturing, non-power applications of nuclear technologies, advanced equipment manufacturing for clean energies
13 Guangdong Heshan Industrial Town	Municipal	Heshan City	New materials, new medicines, new equipment, new light sources

Source:
12th Five-Year Plan for Scientific and Technological Development of Jiangmen City

3.4 Functional Business Districts

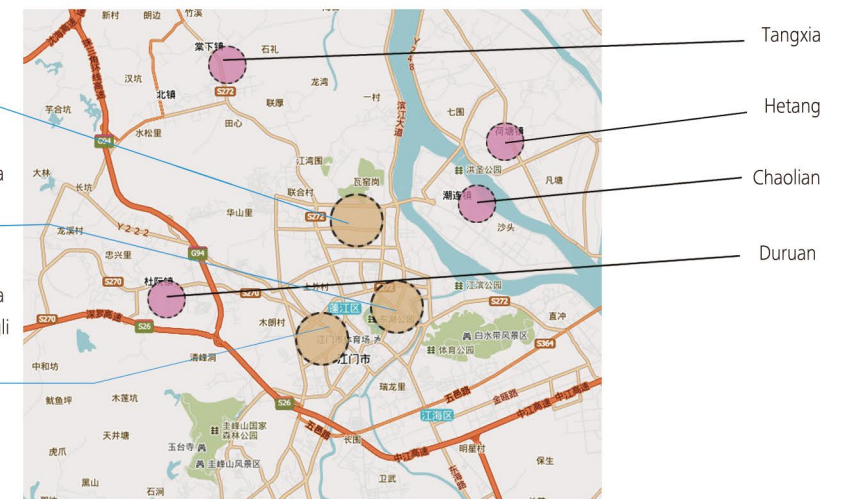
Development and planning of functional business districts

Jiangmen will focus on the construction of three major commercial areas and four satellite areas, taking into account its commercial development indicators and demographic planning with a view to strengthening municipal functions in comprehensive services and providing a mature environment for corporate development. ①

Three major commercial areas

- Central Major Commercial Area covering Yingbin Avenue, Fazhan Avenue and Baishi Avenue
- Eastern Major Commercial Area covering Gangkou Road, Jianghua Road and Donghua Road
- Old Town Major Commercial Area covering Zhongqu Avenue, Shengli Road and Chang'an Road

Satellite commercial areas



Central Business District

- Integrating the finance/commerce area, the scientific/cultural innovation area and the core area of modern services
- The agglomeration and diffusion center of capital, information, knowledge, commerce and trading
- Emphasis on the development of modern business service sectors, including finance, commerce, conventions and exhibitions, information, law, accounting and intellectual property rights

Leisure Business District

- Integrating high-level commerce, high-end retail, leisure and comprehensive trading
- Iconic area of innovative consumption and modern services



Source
① "Twelfth Five-Year Plan" for Development and Revitalization of Service Sectors of Jiangmen City

3.5 Professional Service Organizations

Overview of financial institutions ①

- Complete service functions**
 - 24 banking institutions
 - 9 small finance institutions
 - 39 insurance companies
 - 24 securities and futures institutions
- Rapid growth of loans**
 - Rapid increase of 22.17% and 22.01% in loans to SMEs and industrial enterprises, respectively, in 2012
- Strengthening of local finance**
 - Successful reform of two rural credit cooperatives in urban and Xinhui districts of Jiangmen and the recent listing of Jiangmen Ronghe Rural Commercial Bank and Xinhui Rural Commercial Bank
- New development in private finance**
 - A total lending amount of RMB 1.149 billion by the nine small finance institutions as of the end of 2012
 - A total guarantee amount of RMB 1.34 billion by 6 financing guarantee companies

Law firms ②

There are 52 law firms in Jiangmen employing more than 360 lawyers to provide clients with across-the-board legal services, including the following:

- Corporate (enterprise) establishment, acquisitions, combinations, contracting or cooperation
- The establishment and operation of wholly foreign-owned enterprises, joint ventures and cooperative ventures
- Drafting, negotiation and modification of contracts

Accounting firms ③

There are 24 accounting firms in Jiangmen employing 280 certified public accountants to provide clients with financial support in day-to-day administration, management and operation.

Sources

- ① Jiangmen Bureau of Foreign Trade and Economic Cooperation
- ② Jiangmen Bar Association website
- ③ Jiangmen Institute of Certified General Accountants website
- ④ Page B3, Jiangmen Daily, August 5, 2011

Real estate agencies

There are a number of real estate consulting agencies in Jiangmen, which provide comprehensive services in property management, valuation, mortgages, asset management, etc. Representative names include Centaline, Guangzhou Meiji, Hopefluent, E-House China and World Union Properties.

Financing guarantee companies

As an important channel for SMEs to raise funds, financing guarantee companies reduce the risks of financial institutions and realize capital gain. Representative names include Jianghai Shunying, Pengjiang Yongcheng, Xinhui Zhongying, Heshan Yinfeng and Kaiping Yinli. ④



3.6 Hotel/Office/Convention and Exhibition Facilities

Hotel

As of the end of 2012, there were 37 star rated hotels in Jiangmen, including 10 five-star hotels and 7 four-star facilities. These hotels are conveniently located in major commercial areas, providing easy access for business meetings and business travelers. ① Branches of internationally renowned hotels, such as Hilton and Sheraton, are under construction.

Five-Star Hotels	
Sheraton Hotel (under construction)	Hilton Hotel (under construction)
Jiangmen Yucca Hotel	InterContinental Crown Plaza (under construction)
Kaiping Tanjiang Peninsula Hotel	Jiangmen Gladden Hotel
Heshan Country Garden Phoenix Hotel	Jiangmen Palace International Hotel
Taishan Country Garden Phoenix Hotel	Royal Hotel



Office buildings

Located in the mature commercial area around Jinhui City Plaza, Jiangmen International Finance Building forms a "twin town" structure with the main building of the Yucca Hotel. It will become the first Grade 5A office building in Jiangmen. ②

Jiangmen Wanda Plaza is located to the north of Wuyi Overseas Chinese Square in Beixin District, with 180 meter high-rise Grade A office buildings in its first and second zones.

Scheduled to be completed in early 2014, Jiangmen Guoxiang Times Square will be a 21-story Grade A office building. Supporting facilities will include a banking and financial services center.

Jiangmen Yicheng International Plaza is located in the commercially-inspired Beixin District, with a 12-story Grade A office building to be built.

Poly Real Estate will invest around RMB 10 billion to construct a mega urban complex in Binjiang New District, with a shopping mall, a Grade A office building and a five-star hotel.

Sources

- ① www.investjiangmen.gov.cn
- ② Jiangmen Daily

Convention facilities

Jiangmen Wuyi Overseas Chinese International Convention and Exhibition Center is a modern venue for conferences, exhibitions, expositions, commerce and tourism. The center is mainly used to host large product expos, trade fairs, large celebrations, international conferences, high-level government meetings, important forums, press conferences, cultural and recreational activities, and film and TV screening. The five-star hotels in Jiangmen also provides business and conference facilities of different kinds.



4. Infrastructure

Introduction

A sound infrastructure and efficient public services are both a prerequisite for exceptional performance in a business context and the cornerstone of a region's ability to sustain stable development over the long-term.

Jiangmen's unique geographical advantages and convenient intercity transportation network, which give it ready access to other parts of the PRD region, can help Jiangmen-based enterprises make the most of their resources and any business opportunities that may arise.

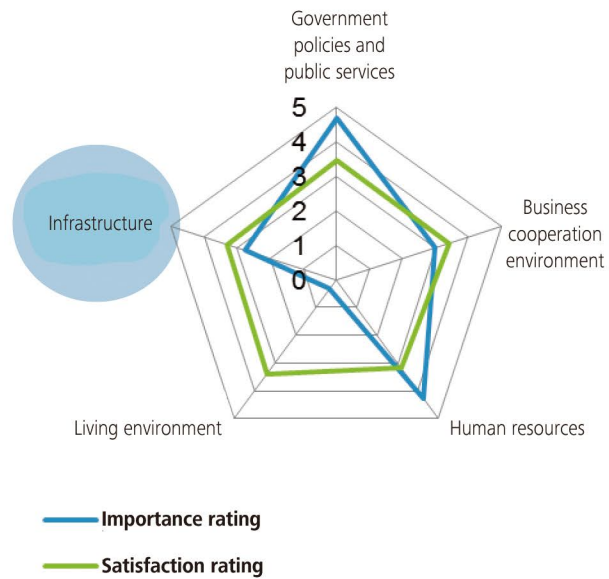
We chose Jiangmen mainly because of the three advantages offered by the city's overall investment environment. First, Jiangmen's "hardware" factors, including its infrastructure, transportation, environmental protection and other support facilities, are among the best in the Pearl River Delta. Second, Jiangmen has a good administration and excellent policies for attracting foreign investment. Third, Jiangmen has a good business atmosphere.

— Graham Body, General Manager of BP PetroChina Petroleum Co., Ltd.



4.1 Summary of Survey on Infrastructure

Importance / satisfaction analysis



Feedback from the survey

- 55% of respondents believe that the infrastructure dimension is very important to the investment environment.
- 65.78% of respondents were satisfied with Jiangmen's infrastructure.
- Respondents regard the most important factor as road traffic, followed by logistics and transportation network, followed equally by municipal facilities and information technology infrastructure.
- Respondents were most satisfied with the leasing of commercial buildings / factory premises, followed equally by information technology infrastructure, road traffic and logistics and transportation network.

Importance / satisfaction analysis of individual factors



4.2 Traffic Network

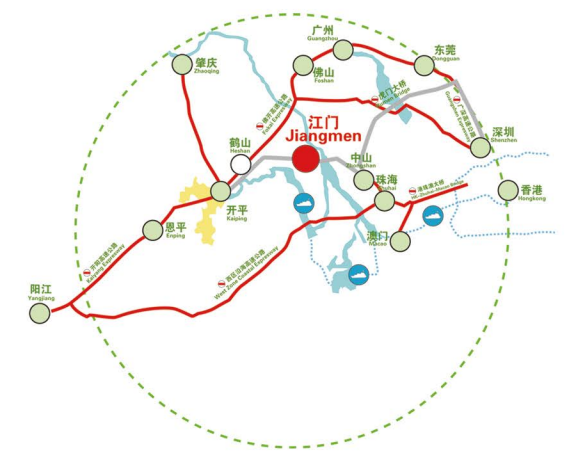
Jiangmen's location in the western part of the PRD makes it a bridge between the less developed western Guangdong and the more developed PRD region, as well as connecting the PRD to Hong Kong and Macau. Jiangmen also is encompassed by the logistics development planning of Guangdong Province, Guangzhou and Shenzhen being the key points on its outer radius. Jiangmen's geographic advantages as a logistics transfer zone for the western PRD are obvious.

As the road network and the intercity railway network continue to improve, Jiangmen becomes more closely connected to and better integrated with other economically developing parts of the PRD. The consequence of this growing integration is the accelerated flow of human resources, material supplies, funds and information among the region's major cities.

90-minute metropolitan zone

With the completion of the Guangzhou-Zhuhai Intercity Railway and the continuing improvement of the PRD expressway network, Jiangmen and its neighboring cities such as Guangzhou, Shenzhen, Zhuhai, Hong Kong and Macau now form a "90-minute metropolitan zone." The five airports in the vicinity also can be easily reached from Jiangmen.

When the Hong Kong-Zhuhai-Macau Bridge is finally connected to the city's expressway network, putting Jiangmen in very close proximity to Hong Kong and Macau.



Excellent road network

After years of construction, Jiangmen now has an extensive urban and rural road network, with expressways, national/provincial highways and county/township roads. The road network is the cornerstone of the 90-minute metropolitan zone.

As of the end of 2011, Jiangmen had roughly 10,000 km of highway, including more than 1,118 km of Grade 1 or higher roads. This translates to 105.28 km of road per hundred km².



In 2007, the Ministry of Transport listed Jiangmen as one of China's road transportation hub cities.

Sources

- ① Guide to Invest in Jiangmen City 2011
- ② Jiangmen Statistical Yearbook - 2011

4.3 Traffic Network (cont'd)

Rail transit

The Guangzhou-Zhuhai Intercity Railway and the Guangzhou-Zhuhai Railway have opened to traffic, while preliminary work is being carried on for the Shenzhen-Maoming Railway, the Guangzhou-Foshan-Jiangmen-Zhuhai Intercity Railway, the Jiangmen-Enping Intercity Railway (including the Taishan Straight Line) and the Nansha-Jiangmen Shugang Railway.①

Jiangmen Station will be one of the most important stops on the Jiangmen section of the Guangzhou-Zhuhai Light Rail. Located in the city's downtown area, adjacent to Jianghai District Administrative Center, Jiangmen Station will be the busiest passenger terminal in the city and the main embarkation point for local residents wishing to reach other parts of the PRD. It will take only 40 minutes to travel by light rail from Jiangmen to Zhuhai and Guangzhou and just over an hour to Shenzhen, Hong Kong and Macau.②

Water transportation

Jiangmen has five Class One ports (including two for both passenger and cargo transportation) and 10 Class Two ports (with 17 available cargo wharfs). High-speed luxury liners run from the Jiangmen ferry terminal to Hong Kong and Macau daily, expediting the Jiangmen's contact with these cities and bolstering the business investment environment.

Jiangmen Port is divided into seven major areas and has more than 120 operational wharfs and 299 berths, two of which have a 10,000-ton capacity. Xinhui port and Taishan Guanghai port are recognized as Class One national class cargo ports. Yinzhou Lake, which has a water area of 65 km², can accommodate vessels with a berth of 10,000 tons. In Yamen, a full-tide improvement project is underway within the 30,000-ton waterway.③ The construction of the public terminal in Jiangmen's High-Tech Zone is a major project for the city's 12th Five-Year Plan period. The terminal's projected annual throughput is six million tons.④



Category	Value
Freight volume (10,000 tons)	8,996
Freight turnover (100 million ton-km)	115.29
Passenger capacity (10,000 persons)	19,578
Passenger turnover (100 million person-km)	64.46

	Gaosha Wharf	Waihai Wharf	Xinhui Tianma Port	Guohua Taidian Wharf (Taishan Guanghai Bay)	High-tech Zone Public Terminal (under construction)
Area (m ²)	124,273	75,963	128,000	26,000	433,333
Annual throughput capacity (10,000 tons)	100	110	100	1,300	600
Maximum berthing tonnage (tons)	1,000	1000	10,000 (Operation by tide)	100,000	3,000

Sources

① www.investjiangmen.gov.cn

② Guangzhou Daily

③ Guide to Investment in Jiangmen City 2011

④ Overview of Traffic in Jiangmen

⑤ Jiangmen Municipal Bureau of Statistics

4.4 Energy Supply

Expedited development of the power supply

Jiangmen is an electrical power center and has one of the most abundant power supply capacities of all cities in the PRD.

To deal with the energy supply shortage in the PRD region, Jiangmen concentrated on the creation of electrical energy sources and power grid construction and is actively developing new, renewable energy sources to achieve a power supply system that is stable, affordable, clean and safe.

It is expected that Jiangmen will have a total installed power capacity of 12 million kilowatts by 2015 and will be able to sustain an average annual growth rate of 27% in total energy supply. Installed power generation capacity will be around 6 million kilowatts from fuels, 1.5 million kilowatts from gases (including LNG, integrated gas manufacture and distributed energy stations), 3.5 million kilowatts from nuclear energy and one million kilowatts from solar and wind energies, together with a natural gas supply of about 2.3 billion cubic meters per year.①

Nuclear power

- Taishan Nuclear Power Plant plans to construct four units with an individual installed capacity of 1.75 million kilowatts. ②

Thermal power

- Taishan Power Plant is currently running an installed capacity of 5 million kilowatts, with a total installed capacity of 9 million kilowatts.

Wind power

- Completed installed wind power capacity is around 85,000 kilowatts. ③
- A total installed capacity of 135,000 kilowatts is planned for the Taishan Chuandao Power Generation Project.④

Gas power

- Xinhui LNG Power Plant plans to construct two natural gas power generation units with a capacity of 390,000 kilowatts, which will be put into production in 2013. ⑤
- Huadian New Energy Company is developing and constructing natural gas distributed energy stations in Pengjiang, Jianghai and Xinhui Districts. The facility in Pengjiang will have a capacity of 4X78MW.

Sources

① 12th Five-Year Plan for the Energy Development of Jiangmen City

② Jiangmen Price Information Site

③ Taishan Administration website

Rich water resources

As both a seaside and a riverside city, Jiangmen is rich in water resources. The multi-year average amount of the city's total water resources is about 12 billion cubic meters, accounting for 6.49% of the total water resources of Guangdong Province.

There are 14 water plants in Jiangmen, with a daily supply capacity of 1.26 million tons, which can fully meet the city's overall water needs for living and production purposes.②

For industrial purposes	1.80
For operation and services	2.45
For special sectors	4.30



4.5 Land Resources and Information Environment

Rich land resources

Jiangmen has a total land area of 9,504 km², representing 5.32% of the total land area of Guangdong Province 21% of the total land area of the PRD. The city is relatively well endowed with land resources. ① Against a background of constantly tightening macro-control of the economy at the national level and the constantly shrinking land supply, the advantages of Jiangmen's rich land resources are likely to become more and more apparent and will be an important factor for the potential future growth of Guangdong Province's economy.



Land Development Intensity of Pearl River Delta Cities in 2012 ②



Note: According to international practices, 30% is the upper limit for national and regional land development intensity. Over that limit, living conditions are adversely affected.③

Land Transaction Prices in Jiangmen City (RMB /) ②

Land selling price	252-336/M ²
Plant lease rate	8-13/M ² /month
Dormitory lease rate	6-9/M ² /month
Industrial land use tax	4/M ² /year

Information network construction ②

Jiangmen has taken advantage of the introduction of 3G technology to adopt a range of wireless broadband technologies and build a comprehensive, 24-7 IT network. The city has taken the initiative in promoting the integration of the internet, the telecommunications network and the cable TV network, as well as the integration of the basic communication network, the application network and the RF sensor network. Jiangmen wireless broadband network coverage extends to the major administrative areas, the significant business areas, high-tech and key sector industrial parks, and highly populated areas.

Steady development of 3G, mobile communication and digital TV networks

Completion of fiber optic foundation and broadband access network covering the Wuyi region, with the internet bandwidth increased to 200 GB, significantly enhancing information exchange capabilities

Full cable TV, internet and mobile information coverage in all administrative villages; broadband access available in all 1,318 administrative villages and communities

Sources

① 12th Five-Year Plan for the Energy Development of Jiangmen City

② Jiangmen Bureau of Foreign Trade and Economic Cooperation

③ China Land and Resources website

5. Human Resources

Introduction

Enterprises now generally recognize the concept that "science and technology are the primary productive forces, and human resources are the primary resources". Human resources are a key element of comprehensive corporate competitiveness and a major consideration in corporate investment strategies.

As one of the three major economic engines of China, the PRD region has sufficient supply of human resources. Individuals from all over the country are drawn to Jiangmen because of its geographical advantages, complete training system, and safe and comfortable living environment.

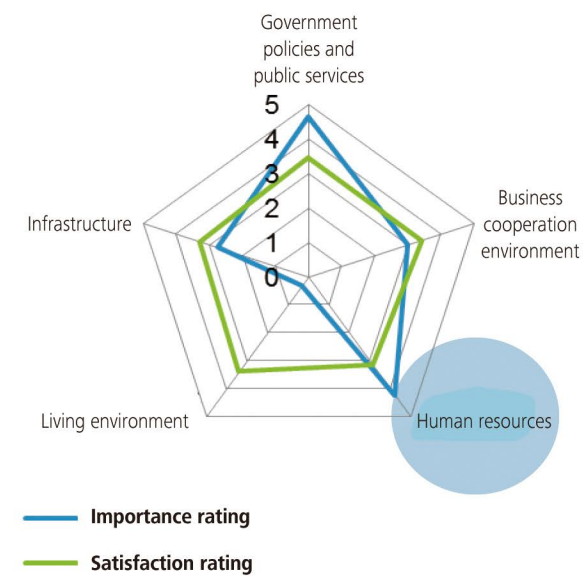
In my opinion, the biggest advantage of Jiangmen is "harmony". Each administration of Jiangmen gives the same care to the business community and that has never changed.

— Li Chaowang, Chairman of Vinda International Holdings Limited
(Stock code: 3331. HK)



5.1 Summary of Survey on Human Resources

Importance / satisfaction analysis



Feedback from the survey

- 85% of respondents believe that human resources is very important for the investment environment.
- 63.4% of respondents are satisfied with the human resources of Jiangmen.
- Respondents find the most important factors to be supply and availability of personnel, human resource costs and demands for R&D talent.
- Respondents are most satisfied with Jiangmen's performance in demands for creative talent, followed by professional qualities of human resources and human resource costs.

Importance / satisfaction analysis of individual factors



5.2 Supply of Human Resources

Adequate supply of human resources

Jiangmen's recruitment and employment environment is one of the best in the PRD region due to its social stability, nice living conditions and efficient legal system. As a result, corporate demands for manpower can be fully satisfied.

The overall supply of human resources is sufficient in Jiangmen. Currently the city has 489,500 people with various skills and trains more than 100,000 persons annually. ①

- By the end of 2012, the workforce in Jiangmen consisted of around 2.5 million. ②
- During the period 2004-2012, there was a continuous increase in the number of employees over the number of permanent residents.

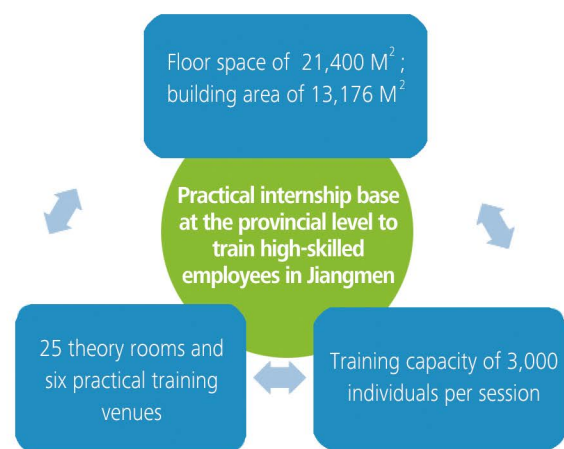
Good environment for human resources

Jiangmen offers a good environment of human resources, which contributes to the mutual benefits and a win-win situation for both enterprises and employees. With the corporate platforms, employees achieve continuous development of their career and further improvement of their professional skills. Companies, on their part, recruit talent via various platforms so as to enhance their corporate values.

- Building the "school-enterprise cooperation" platform
- Implementing the project of "campus links to industrial parks"
- Constructing internship bases to train high skilled employees
Jiangmen has three public internship bases to train high-skilled employees. Among them, Jiangmen Labor and Employment Training Center has been rated as a provincial base of its kind. Jiangmen is striving to build the center into the largest and the best public base to train high-skilled employees in prefecture-level cities in Guangdong Province.

Those initiatives and platforms facilitate both the cultivation of talent in Jiangmen and business operations.

Jiangmen Labor and Employment Training Center



Sources:

- ① Jiangmen Profile
- ② Jiangmen Municipal Bureau of Statistics

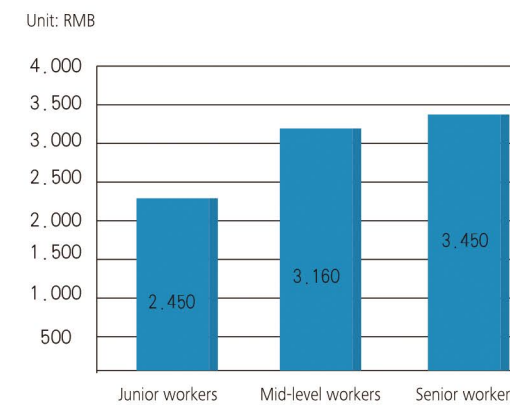
5.3 Human Resource Costs

Wage costs

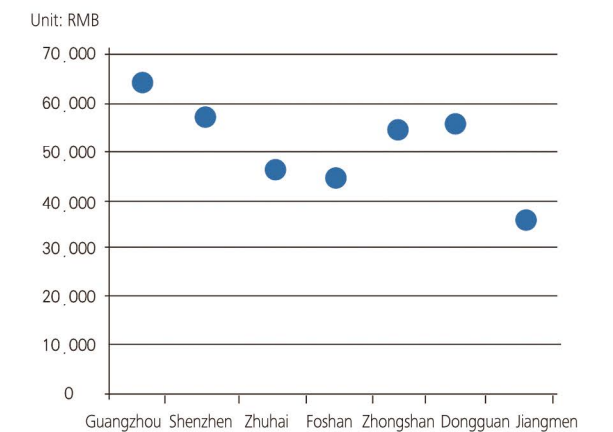
Human resources costs are becoming a major cost factor for any business, with wage costs absorbing a significant proportion.

Jiangmen's human resources costs currently are relatively low, giving the city a distinct advantage in the PRD region. In 2012, the average annual wage of existing workers in the city was RMB 37,983, the lowest among PRD cities.①

Average Monthly Salary of Professional and Skilled Employees in Jiangmen in the Fourth Quarter of 2012 ②



Average Wages of Employees in PRD Cities in 2012 ①



Social insurance costs

In China, enterprises are required to take out five basic categories of social insurance for their employees, including medical and pension insurance. In 2013, enterprises in Jiangmen paid 24.45% of their gross payroll for social insurance contributions. ③

Name of social insurance	Percentage of corporate contributions
Pension insurance	15%
Unemployment insurance	1.5%
Health insurance	6.5%
Industrial injury insurance	1%
Maternity insurance	0.45%

Sources:

- ① Guangdong Statistical Yearbook -2012
- ② Analysis Report on Supply and Demand of Human Resources Market of Jiangmen in the Fourth Quarter of 2012
- ③ Jiangmen Bureau of Human Resources and Social Security

5.4 Education and Research

Rich science and education resources

Jiangmen has well-developed educational facilities, particularly in the area of vocational education. The city is home to various types of secondary and tertiary institutions, with a range of specialties to meet the needs of businesses in the community. Jiangmen has one comprehensive university (Wuyi University), two other tertiary institutions and 36 secondary schools of vocational education. By the end of 2012, Jiangmen had 44,500 students studying in colleges and universities and 72,500 students studying in secondary schools of vocational education. ①

Wuyi University, founded in 1985, sees gradual improvement of its facilities after more than two decades' development, with a total construction area of 470,000 m². The library has more than 1.3 million books and provides access to more than 1.1 million e-books. The university offers degrees in economics and management, information engineering, electrical and mechanical engineering, textiles and garments and so on. There are more than 20,000 registered students including over 14,000 postgraduate and undergraduate students. ②

Education resources in neighboring cities

Various tertiary education institutions are within a 90-minute drive from Jiangmen.

Well-Known Universities Within the 90-Minute Metropolitan Zone	
Sun Yat-sen University	Jinan University
South China University of Technology	South China Normal University
Guangdong University of Foreign Studies	University of Hong Kong
University of Macau	Hong Kong University of Science and Technology
Beijing Normal university (Zhuhai Branch)	Beijing Institute of Technology (Zhuhai Campus)

Investment in scientific research

Jiangmen spent RMB 541.17 million on science and technology in 2012, up by 40.4% over 2011. During the 12th Five-Year Plan period, Jiangmen will adopt measures to steadily increase the overall expenditure on R&D to more than 2% of its GDP. In 2012, up to 8,163 patent applications were filed from Jiangmen. ③

Scientific and Technological Achievements and Patents of Jiangmen in 2012 ③			
Number of scientific projects		Number of patents granted	
Projects of the National Torch Program	Projects of the Provincial Scientific and Technological Brainstorming Program	Invention patents	Other patents
2	64	366	4,917

- 1 National-level High-Tech Development Zone
- 317 High-tech enterprises
- 551 Privately-owned technical companies
- 168 Corporate engineering research and development centers



Sources:

① Jiangmen Municipal Bureau of Statistics

② Wuyi University website

③ Statistical Bulletin of National Economic and Social Development of Jiangmen City for 2012

6. Living Environment

Introduction

A superior living environment is an important consideration for the investment climate. The key indicators of a city's living environment include the quality of its educational, healthcare and cultural facilities.

Jiangmen is a beautiful and livable city, with many amenities, rich cultural resources, numerous scenic spots and a good ecological environment. This environment is conducive to attracting more talent to the city which, in turn, contributes to the overall development of Jiangmen.

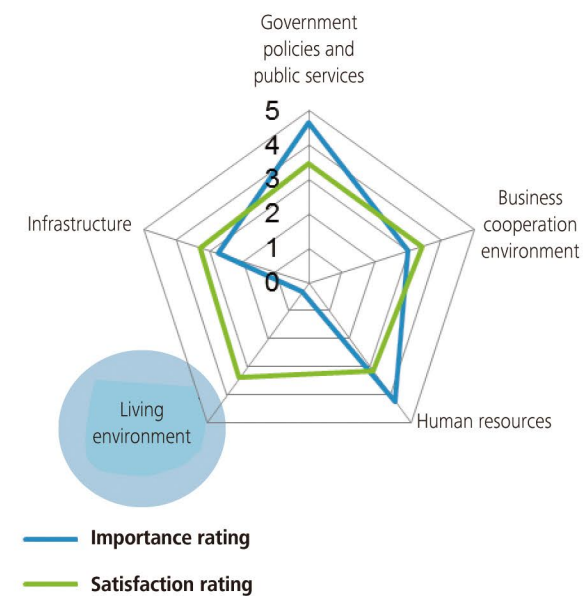
Jiangmen has a favorable investment environment, efficient administrative services, excellent traffic and infrastructure, and competitive costs. The establishment of Emerson Network Power (Jiangmen) Co., Ltd. marks an important milestone of the expansion of Emerson Network Power in China and the Asia-Pacific region.

— Yang Shaozeng, President of Emerson Asia-Pacific



6.1 Summary of Survey on Living Environment

Importance / satisfaction analysis



Feedback from the survey

- 6.66% of respondents believe that the living environment is very important for the investment environment.
- 68.17% of respondents are satisfied with the living environment of Jiangmen.
- Respondents find the most important factors to be integration of work, life and services, living support facilities, and cultural resources.
- Respondents are most satisfied with Jiangmen's integration of work, life and services, followed by cultural resources and living support facilities.

Importance / satisfaction analysis of individual factors



6.2 Medical Care and Educational Facilities

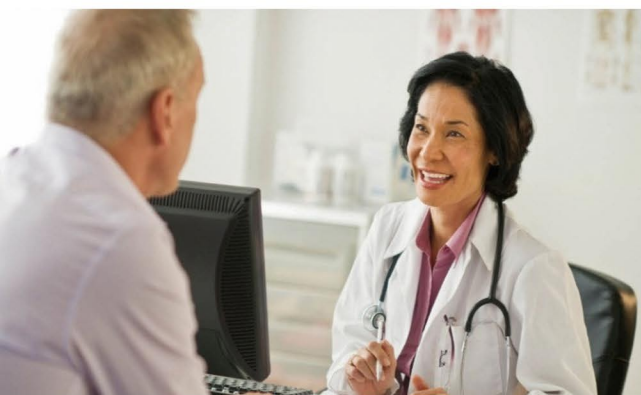
Complete medical facilities & services

Jiangmen has sufficient resources to meet the medical and healthcare needs of its residents. Jiangmen has 13 general hospitals, four of which are first rate.

First-rate hospitals in Jiangmen
Jiangmen Central Hospital
Jiangmen People's Hospital
Wuyi TCM Hospital
Kaiping Central Hospital

Data of medical resources ②

113	113 hospitals
15,127	15,127 hospital beds
7,590	7,590 doctors
8,159	8,159 nurses



Rich resources of basic education

Jiangmen has solid basic education facilities and a strong tradition of respecting teachers and valuing education.

- As of the end of 2012, Jiangmen had 470 kindergartens, 306 primary schools and 180 middle schools. ①
- Jiangmen has a number of bilingual schools to provide good education for the children of expatriates.
- Xinhui District Shangya Bilingual Experimental School has been rated as a Level 1 school in Jiangmen

Major Bilingual Schools in Jiangmen
Boren Sino-Canadian School
Wuyi Country Garden Bilingual School
Jiangmen China-Hong Kong English School
Shangya Bilingual Experimental School of Xinhui District

Enthusiastic donations by overseas Chinese to education

Overseas Chinese originating from Jiangmen care about and make indispensable contributions to the development of educational facilities in their hometown. Almost each school in Jiangmen receives donations from overseas Chinese and features the integration of Chinese and western culture.

By the end of 2011, overseas Chinese had donated more than HKD 2.4 billion to Jiangmen for the construction of educational facilities, including 3,165 donations for the establishment or expansion of schools, kindergartens and nurseries, with a total construction area of over 3.37 million m². ③

Sources:

- ① Jiangmen Municipal Bureau of Statistics
- ② Statistical Bulletin of National Economic and Social Development of Jiangmen City for 2012
- ③ Jiangmen Municipal Bureau of Foreign and Overseas Chinese Affairs

6.3 Cultural and Natural Landscape

As a seaside and riverside city, Jiangmen has beautiful scenery and a number of tourist attractions. Every landscape is enchanting, be it the Kaiping Watchtowers (known as "a wonder in the hometown of overseas Chinese)" or the "Paradise of Birds" which was highly praised by Ba Jin, a renowned Chinese writer.

Kaiping Watchtowers

The watchtowers in Jiangmen first appeared in the 15th century and reached their pinnacle in the 1920s and 1930s, with 1,833 remaining nowadays. The watchtowers were named a World Heritage site in 2007, the first such honor in Guangdong Province. ①

Kaiping watchtowers are fortified multi-storied tower-like structures that integrate Greek, Roman, Islamic and Chinese architectural styles, creating a near architectural wonder. Symbolically, the Kaiping watchtowers signify the history, social status and cultural traditions of both the area and overseas Chinese.



Bird Paradise

The Bird Paradise refers to a unique banyan tree growing on a shoal in the middle of Tianma River of Jiangmen. With a history of more than five centuries, the banyan tree is about 15 meters high, covering an area of more than 20 mu (about 1.33 hectares) of the river surface.

Tens of thousands of birds, mainly egrets and gray herons, perch on the trees. The birds fly in droves and hover over the tree, a sight that has drawn many visitors.



Sources

- ① Jiangmen Tour website

6.4 Cultural Heritage

Jiangmen has a unique mix of traditional and modern culture. Jiangmen is located in the south-central part of Guangdong Province, which is one of the regions with the greatest cultural openness. Nevertheless, Jiangmen carefully maintains its traditional culture.

Special folk activities

Jiangmen regularly hosts folk activities, such as Fushi floating colors which has been recognized as state-level intangible cultural heritages, dragon boat competition, fire dragon dance on a mid-autumn night, etc. In addition to showcasing Jiangmen's history and culture, the events create a sense of community.



Jiangmen has seven intangible cultural heritages at the national level, 17 at the provincial level and 40 at the municipal level. ①



Talented people in large numbers

Jiangmen is the homeland of many renowned academics and artists.

Homeland of academics

Thirty-two nationally known academics were born in or originate from Jiangmen. The "Academics Road" is lined with bronze figures of the top scholars.

Homeland of stars

Jiangmen is also known as "the homeland of movie and TV stars". Jiangmen is the ancestral hometown of many movie and TV stars in Hong Kong and Macau, including respectable actors, international figures and household names.

Sources

① Publicity Department of the CPC Committee of Jiangmen

6.5 Quality Life

"Hawaii of the East"

Extended beaches, clear waters and dense forests...Jiangmen offers a wealth of island resources, of which Shangchuan and Xiachuan tourist resorts are particularly charming. They have been rated as national 4A level scenic spots and are known as "Hawaii of the East".



Home of the Hot Springs

Jiangmen is home to a variety of unique hot springs, such as the "Dynamic No. 1 Spring" and the "World's No. 2 Spring". These scenic springs are ideal for relaxing, water sports or simply sight-seeing.

Golf courses

Jiangmen has two golf courses, both of which are ideal for leisure and business purposes.

- Wuyi Pukui Golf Club: The 27-hole golf course located on the banks of the Xijiang River is surrounded by verdant hills, magnificent valleys and ponds.
- Heshan Golf Club: The mountain style golf course preserves the original woods and integrates it with the natural reservoir.



Appendices

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

2. Major Taxes Applicable to Foreign-Invested Enterprises

Appendix: Registered Capital and Total Investment of FIEs

Forms of capital contribution

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

Ration of registered capital to total investment ①

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 any increase in capital.



Capital contribution milestone ②

Contributions to capital must be clearly set out in the relevant contract and in the company's articles of association. Lump-sum contributions must be made within six months of the date a business license is issued; if the contributions are to be made by installment, the initial contribution may not be less than 20% of the registered capital or lower than the minimum registered capital (RMB 30,000) required by law, and the initial contribution must be made within three months after the date the business license is issued, with the balance paid within two years of the date of incorporation of the proposed company. Capital contributions to a China holding company should be paid up within five years.

Total investment	Registered capital
Less than USD 3 million	At least 70% of the total investment
USD 3- USD 10 million	At least 50% of the total investment; not less than USD 2.1 million for total investment less than USD 4.2 million
USD 10-USD 30 million	At least 40% of the total investment; not less than USD5 million for total investment below USD12.5 million
Over USD 30 million	At least one-third of the total investment; not less than USD 12 million for total investment below USD 36 million

① Implementation Rules for the Law of the People's Republic of China on Foreign-Invested Enterprises (State Council Decree [2001] No. 301)

② Company Law of the People's Republic of China (Presidential Decree [2005] No. 42)

③ Interim Provisions by the State Administration for Industry and Commerce on Proportion between Registered Capital and Total Investment of Sino-foreign Joint Ventures (Gong Shang Qi Zi [1987] No. 38)

Appendix 2: Major Taxes Applicable to Foreign-Invested Enterprises

Income tax	Scope of taxation	Tax rate
Income tax	Resident enterprises are subject to enterprise income tax on their worldwide income. Nonresident enterprises are taxed on their China-source income and income related to their offices and/or facilities maintained within China.	Standard rate: 25% Rate for small-profit enterprises: 20% Rate for high-tech enterprises: 15% Withholding tax rate: 10%
Individual income tax	Individuals who are domiciled in China or who do not have a domicile but have lived in China for at least one year are taxed on their worldwide income. All other individuals are taxed only on their China-source income. There are 11 types of income, including salary and labor compensation.	Statutory rates: 3%-45%
Turnover tax	Taxable scope	Tax rate
VAT	VAT is levied on a person or organization engaged in the sale of goods, the provision of labor services such as processing, repair and supply replacement, or engaged in cargo import, transportation and some modern services within China.	0%, 6%, 11%, 13%, 17%
Consumption tax	Consumption tax applies to entities that produce, engage other contractors to process, import or sell 14 categories of consumer goods (cigarettes, wine, cosmetics, etc.)	1%-56%
Business tax	Business tax is imposed on entities engaged in activities involving immovable property and intangible assets that are not subject to VAT.	3%-20%
Customs duties	Customs duties are payable by consignees of imported goods, consigners of exported goods and owners of articles entering the country.	Omitted
Other taxes	Taxable scope	Tax rate
Deeds	Deed tax is imposed on the transferee of real property, calculated as a certain percentage of the total value of the property.	Statutory tax rates: 3%-5%
Real estate tax	Owners of titles to real property in urban areas must pay real estate tax based on the taxable value or rental income concerned.	Rate for taxable values: 1.2% Rate for rental income: 12%
Land value increment tax	Land value increment tax is levied on the transfer of state-owned land and/or architectural buildings and fixtures, depending on the gain realized.	30%-60%
Stamp duty	Stamp duty is levied on prescribed documents and taxable vouchers.	Rates for amounts in certificates: 0.005%-0.1% By piece: RMB 5 per certificate

Source: State Administration of Taxation, as of December 31, 2012

Postscript

Based on an analysis of its investment environment, the five principal advantages that Jiangmen has to offer may be summarized as follows:

1. Efficient government services and transparent government policies
Jiangmen has set up a platform to keep enterprises based in the city informed of new policies in a transparent and an open manner, and to provide them with convenient, one-stop government services in a business-friendly environment.

2. Superior geographical location
Jiangmen is one of the key cities of the western PRD and a transportation hub connecting western Guangdong Province with the rest of the PRD, as well as with Hong Kong and Macau. Its regional value will only increase as progress continues to be made in developing the infrastructure of the PRD and the other parts of Guangdong Province. The new round of development will bring the strategic value of the region's land and sea transportation network and the 90-minute metropolitan zone into even sharper focus.

3. Abundant supply of land resources
Jiangmen's ample land area accounts for about one-quarter of the total PRD land area. The relatively undeveloped nature of much of this land bespeaks tremendous potential, and, in the context of the city's long-term economic development, will be an important advantage in attracting enterprises wishing to expand from their primary locations.

4. Cultural charms and reputation as a hometown of overseas Chinese
Jiangmen culture is an important component of wider Lingnan culture (Lingnan basically refers to Guangdong Province and the Guangxi Region.) Jiangmen is famous for being the hometown of large numbers of overseas Chinese, whose ongoing efforts to promote Jiangmen both financially and culturally provide the city's development with considerable impetus. The existence of this overseas Chinese community also serves to further the interaction between Jiangmen and the rest of the world.

5. Eco-friendly living environment
Jiangmen is proud of its scenic, eco-friendly and highly livable environs. The Jiangmen environment conforms to the requirement that industrial planning and development should proceed in a green, low-carbon, environmentally friendly manner as set out in the 12th Five-Year Plan, and is in keeping with the overall objective of "endeavoring to build a beautiful country and achieve the lasting and sustainable development of the Chinese nation" as proposed in the report of the 18th National Congress of the CPC. The harmonious coexistence of economic development and natural and cultural preservation that Jiangmen has been able to achieve should be obvious to investors, whose personnel will be able to experience all the benefits of living and working in an attractive, ecologically sound environment.

For the past 30 years, the PRD region has played a pioneering role in China's reform and opening-up process and is developing into an important gateway for southern China to the Asia-Pacific region as a whole and the world beyond. During the 12th Five-Year Plan period, Jiangmen will enjoy historic opportunities deriving from the overall implementation of two major strategic planning initiatives, i.e., the integration of the PRD region and the opening-up of the coastal areas.

A vessel sailing against the current may either make headway or be forced back. In looking to seize the historic opportunities that now present themselves, the municipal government of Jiangmen is fully aware that economic development must be in line with the development trends of the times, and is making sterling efforts to accelerate the city's modernization initiatives and to promote the transformation of its economic growth model. It has also been recognized that it is imperative for Jiangmen's potential for sustainable economic growth and social and cultural progress that the city should embrace science and innovative technologies. At the same time, Jiangmen's government fully acknowledges that the road to achieving these goals is fraught with daunting challenges, such as the diminishing availability of low cost human resources, insufficiencies in relation to international practices, and inadequacies in the city's core competitiveness competencies.

To embrace the new opportunities and meet the new challenges, Jiangmen will leverage national strategies and PRD integration with a view to both developing its advanced manufacturing, modern services and strategic emerging industries and retaining the advantageous aspects of its traditional sectors. Jiangmen is committed to becoming a hub for the nurturing of innovation, the hosting of pioneer enterprises in the fields of science and technology, and the bringing together of advanced ideas and industries.

Jiangmen will work hard to expand development potential, give new impetus to progress and create a sustainable environment for business investment. As the city continues to enhance its competitiveness and increase its visibility and presence in the PRD as well as the wider domestic and international markets, it seems set to become a prime destination for investors interested in the PRD.

Major Government Agencies for Foreign Investment Services in Jiangmen City

Jiangmen Bureau of Foreign Trade and Economic Cooperation Jiangmen Investment Promotion Bureau Investment Promotion Center of the People's Government of Jiangmen

Address: No. 10, Baisha Avenue West, Jiangmen City Guang Dong China
E-mail: invest@jmwjm.gov.cn

Zhou Wen
Director of Jiangmen Bureau of Foreign Trade and Economic Cooperation
Director of Jiangmen Investment Promotion Bureau
Tel: 0750-3501836 Mobile: 13702282720
Fax: 0750-3501831 E-mail: zhouwen@jiangmen.gov.cn

Peng Jianzong
Deputy Director of Jiangmen Bureau of Foreign Trade and Economic Cooperation
Director of Jiangmen Investment Promotion Bureau
Tel: 0750-3507373 Mobile: 13929030278
Fax: 0750-3501802 E-mail: jgmyk@126.com

Xie Qing
Deputy Director of Jiangmen Bureau of Foreign Trade and Economic Cooperation
Director of Jiangmen Municipal Government Investment Promotion Center
Tel: 0750-3507399 Mobile: 13500281991
Fax: 0750-3501802 E-mail: xieqing@jiangmen.gov.cn

Foreign Investment Promotion Section
Contact person: **Yang Huaqiang**
Tel: 0750-3501818 Mobile: 13702272019
Fax: 0750-3501826 E-mail: gdyangzi@163.com

Foreign Investment Management Section
Contact person: **Zhong Weijian**
Tel: 0750-3507383 Mobile: 13432237088
Fax: 0750-3380128 E-mail: wzgl163@163.com

Foreign Investment Services Section
Contact person: **Liu Jian**
Tel: 0750-3507372 Mobile: 13702282069
Fax: 0750-3501802 E-mail: Liujian@jiangmen.gov.cn

Information Service Section
Contact person: **Wu Zhaorong**
Tel: 0750-3507355 Mobile: 13726161973
Fax: 0750-3501853 E-mail: wuzhaorong@jiangmen.gov.cn

Primary Contact at Deloitte

Deloitte Shanghai

30/F, The Bund Center, 222 Yan'an Road East, Shanghai, China



Vivian Jiang
Partner
Tel: +86 21 6141 1098
Fax: +86 21 6335 0003
Email: vivjiang@deloitte.com.cn



Xu Zuming
Partner
Tel: +86 21 6141 1278
Fax: +86 21 6335 0003
E-mail: jexu@deloitte.com.cn



Diane Yao
Associate Director
Tel: +86 21 6141 1411
Fax: +86 21 6335 0003
Email: dyao@deloitte.com.cn



Eddie Yan
Senior Manager
Tel: +86 21 6141 1097
Fax: +86 21 6335 0003
Email: eyan@deloitte.com.cn