As noted in the "Made in China 2025", one of China's national initiatives to improve manufacturing industry, the innovation-driven industrial transformation and upgrading is creating a new wave of growth opportunities in China. During the 12th Five-Year Plan period (2011-2015), as a result of transition from "Made in China" to "Innovated in China", the manufacturing industry of China is speeding up its integration with new-generation information technologies. Integrated application of new technologies, such as industrial internet, the cloud computing and big data, is increasingly prevalent throughout the manufacturing processes and across the industrial chain, marking a significant milestone in China's development of advanced manufacturing.

Conveniently situated in China's most economically vibrant region, the Yangtze River Delta, Tongxiang is a National Pilot Area for Sustainable Development, and is recognized as one of the top tourist cities and most beautiful garden cities in the country, consistently ranking high among China's top 100 most developed counties and county-level cities. In July 2016, Tongxiang ranked the 19th in the 2016 list of the "Top 100 Economically Developed Counties and County-level Cities". Since the implementation of the 12th Five-Year Plan, Tongxiang, with its vision to become a smart, internet-based city, a vibrant cultural tourism destination, and a beautiful water city, has launched a series of initiatives, including the action plans to accelerate industrial and commercial growth, to build a picturesque livable water city and to promote the development of city culture and healthy and safe communities. By focusing its efforts on creating a new ecosystem for innovation with integrated resources in talent, expertise, technology, management and capital towards an optimized industrial structure, the city has seen a boom of advanced manufacturing sectors, including new materials, new energy sources and high-end equipment manufacturing, along with the emergence of new industrial clusters represented by a combination of modern services, such as tourism, technology and information, cultural creativity, and modern logistics.

As the permanent host of the World Internet Conference (Wuzhen Summit), Tongxiang is actively taking advantage of the national "Internet Plus" initiative to accelerate the information and technology-based development of its local traditional industries, and has been designated as a National Demonstration Area for In-depth Integration of Information Technology and Industrial Development and a Demonstration Area for Information Economy Development in Zhejiang Province.

Located in northern Zhejiang and overlooking the sparkling Qiantang River, Tongxiang has long been a cradle of bold entrepreneurship, which has inspired local enterprises in the city to make a global presence, and many have become national leaders in over 20 specific industry segments ranging from new materials to textile. The open business environment in Tongxiang is attracting an increasing number of aspiring entrepreneurs to pursue their business success in this promised land of investment opportunities.

In the first year of the 13th Five-Year Plan period (2016-2020), Tongxiang is capitalizing on its strengths and new opportunities, building on its advantages in local traditional industries and the "Internet Plus" related business areas, to facilitate the intelligent, internet-based and service-oriented development of the manufacturing industry. With its aim to increase the core competitiveness of its industries and build the local capacity for sustainable development, the city seeks to create a more open business environment to encourage entrepreneurship and innovation, and explore new growth engines for the regional economy.

At a time of new opportunities, Deloitte China (hereinafter "Deloitte" or "we") is honored to issue this Research Report on the Investment Environment of Tongxiang City, Zhejiang Province for investors from an objective third-party perspective using specialized research and analysis methodologies. In addition to information and data on the economic and industrial development of Tongxiang, this report also includes views and insights obtained through interviews with various government officials and companies management in the city, combined with Deloitte's rich experience in the research of investment environment and industrial development. The Research Report aims to present a comprehensive overview of the investment environment in Tongxiang from the following five aspects:

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

This report aims to provide a practical reference for your business investment and operations in China. We are grateful for all attention and support given during the preparation of this Report from various government departments in Tongxiang. Special appreciation is also extended to Tongxiang Municipal Bureau of Commerce for providing and compiling necessary data and information and arranging for interviews in the research process, and to all companies participating in the in-depth interviews for their insightful perspectives and observations.
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I. Overview of Tongxiang City
Basic Facts

1 Premium Location
Tongxiang is a city located in northern Zhejiang Province at the geographical center of the Shanghai-Hangzhou-Suzhou (Huhangsu) triangle within the Huhangsu one-hour economic circle. Thanks to its premium geographical location with a comprehensive transportation network, the city enjoys a great market potential for the development of local industries and a favorable pattern for its synergistic industrial development with surrounding first-tier cities through sharing and exchange of resources, essential productive factors and professional talents.

2 "A City both Familiar and New"¹
The World Internet Conference (WIC), also known as the Wuzhen Summit, is the largest and highest-level internet conference in China and also a world-class internet summit, which attracts significant attention from the global internet industry. Wuzhen's being chosen as the permanent venue for the WIC has brought about an important strategic opportunity for the further opening-up of Tongxiang and the city's agglomeration of global internet resources to facilitate the development of internet industry. During the 13th Five-Year Plan period, Tongxiang will continuously promote industrial transformation and upgrading based on its three traditional industries, with a focus on strategic emerging industries such as the new material industry, high-end equipment manufacturing and electronic and information technology. It will speed up the development of information economy featuring "Internet Plus" and boost the deep integration of internet with advanced manufacturing and modern service industries by embarking on the development of "4+X"² industries.

Note: 1. Comment on Wuzhen by Xi Jinping, General Secretary of the CPC Central Committee and Chinese president, at the 2nd World Internet Conference held in Wuzhen; 2. "4" refers to the four key industries with strategic advantages, namely smart tourism, digital content industry, e-commerce services, and special electronic equipment & intelligent device manufacturing. "X" stands for the prioritized industries, such as internet education, vehicle networking services, online financing, and big data services.
3  Enterprise-oriented Government Services

The Tongxiang Municipal Government always adopts an enterprise-oriented approach and provides support for businesses in every stage of development through a one-stop administrative system, with positive actions to implement supporting policies, reduce the burden on enterprises, develop industrial clusters and attract excellent professionals. As the initiator of a three-in-one governance pattern (i.e. a combination of rule by law, rule by morality and self-governance) in China, Tongxiang has been trying to involve more civil forces to improve its public services and is growing into an important investment destination with unique competitive advantages in the Yangtze River Delta region.

4  Rich Cultural Heritage

As the borderland between the States of Wu and Yue during the Spring and Autumn and the Warring States Periods (approx. 770-221 BC), Tongxiang has been long known as the land of fish and rice, the home of silk, and a place of beautiful scenery and rich cultural heritage. The city boasts many historic and cultural sites, including the riverside ancient town Wuzhen, the famous Fuyan Temple, the former residence of Mao Dun – a renowned novelist, YuanYuanTang – the former residence of artist Feng Zikai, and the Juntao Art Institute in honor of artist Qian Juntao. Tongxiang is also known for its splendid legacies of the Majiabang and Liangzhu Cultures of the Neolithic Age and a water town culture nurtured by rivers and canals.

Today, Tongxiang is increasingly engaging itself in various international cooperation and exchange activities. It has established twinning relationships with the cities of Welland in Canada, Mataró in Spain, and Richelieu in France, and has signed cooperation memorandums with Mankato in Minnesota and Elkhart in Indiana, the USA.

Having retained its historic charm and vigor, Tongxiang is now shining more brilliantly than ever. With the aim of building a city performing excellent in manufacturing, services and internet economy, it has been striving to develop into an influential "city of innovation", enabling business development and entrepreneurship in the Yangtze River Delta region.

The World Internet Conference (WIC), also known as the Wuzhen Summit, is the largest and highest-level internet conference in China and also a world-class internet summit.
**Local Economy**

**Economic and Industrial Structure**

Tongxiang maintained a steady GDP growth from 2011 to 2015. In 2015, its GDP reached RMB 65.3 billion, with per capita GDP of RMB 95,000.

Under the strategy of building a new industrial system in the internet era, Tongxiang is transforming its secondary industry-driven industrial structure to realize a balanced development of secondary and tertiary industries. In 2015, the value-added of the secondary industry of the city was RMB 32.8 billion, accounting for 50.2% of its GDP, and the value-added of the tertiary industry was RMB 29.7 billion, accounting for 45.4% of the city’s GDP, marking a significant increase of the compound annual growth rate to 9.1% from 2011 to 2015.

**Foreign Trade**

In 2015, the total import and export value of Tongxiang reached about USD 4.25 billion. As of the end of 2015, the city has established trade relationships with 166 countries or regions and its export value to countries involved in the "Belt and Road Initiatives" increased by 6.1% to RMB 7.41 billion. In the first half of 2016, the export volume of Tongxiang reached about RMB 10.28 billion with a year-on-year growth at 18.41%.

**Foreign Investment**

Tongxiang has grown more attractive for foreign investment. In 2015, the contracted foreign investment in Tongxiang amounted to USD 507 million, with a compound annual growth rate at 15.4% in the last three years. The actual utilization of foreign capital reached USD 336 million, with a compound annual growth rate at 14.81% in the last three years.

**Capital Market**

As of July 2016, there are 10 domestic and foreign listed companies in Tongxiang, along with 8 companies listed in the National Equities Exchange and Quotations and 19 listed in Zhejiang Equity Exchange Center. The city has now become the No. 1 among the 5 counties and 2 districts under the jurisdiction of Jiaxing in terms of the number of listed companies. In the first half of 2016, the direct financing of Tongxiang increased by 221.93% on a year-on-year basis to RMB 12.209 billion, accounting for 50.71% of the total direct financing in Jiaxing.

**Consumer Market**

In 2015, the total retail sales of consumer goods in Tongxiang grew year on year by 11.2% to RMB 29.88 billion, marking a double-digit growth for the fifth consecutive year, and the online retail sales reached RMB 17.2 billion, making Tongxiang the seventh most active county in support of e-commerce startups. In 2015, Tongxiang’s per capita consumption expenditure reached RMB 22,837, and the disposable income of urban residents and rural residents increased respectively by 7.9% and 8.6% to RMB 44,725 and RMB 27,357.

**Note:**

II. Government Policies and Services
Increasing the Supply of Productive Factors

**Land**: The Tongxiang Municipal Government makes effort to encourage local companies to use "zero" new land recourses for their technological reformation and expansion, in order to ensure sufficient land supply for large and high-end projects and significantly increase land utilization. Rewards will be granted to qualified companies and industrial projects.

**Capital**: In 2015, the Tongxiang Municipal Government issued the *Measures on Industrial Fund Management*, and set up an "Internet Plus" industrial fund with a total capital of RMB 1 billion (the first installment: RMB 500 million), mainly supporting the "Internet Plus" and high-end manufacturing industries and eligible start-ups. Financial institutions are encouraged to provide financial facilitation services for key industries, and rewards are offered to companies specialized in equity investment or equity investment management as well as domestic and overseas listed companies. By the end of the first half of 2016, 11 funds have been established in Tongxiang with a total capital of RMB 6.263 billion, of which RMB 4.921 billion has been in place, and a total of 14 projects have been financed.

**Workforce**: A multi-tier talent system has been developed and put into practice in Tongxiang to further attract and retain intellectual resources, providing an enabling environment for talents to support and lead the city's development.

Note: 1. The multi-tier talent system covers six categories: leading entrepreneurship talents in Tongxiang; leading talents in entrepreneurship and innovation in Jiaxing; experts who are in the national or provincial "Recruitment Program of Global Experts"; newly recruited high-level (with high academic degrees or professional titles) professionals; highly skilled talents; and talents from major industrial sectors; 2. The criteria of talent evaluation are set up by the Talent Recruitment Office of CPC Tongxiang Municipal Committee.
**Optimizing the Industrial Structure**

- **Promoting the smart upgrading of industries:** Tongxiang promoted the industrial transformation and upgrading through “replacing man with machine” and integrating information technology and industrial development. Subsidies will be granted, in proportion to investment in equipment, to upgrading projects which apply “Internet Plus” approaches to achieve synchronized and network-based production, and newly invested projects in high-end manufacturing and newly invested key projects in traditional competitive sectors.

- **Supporting the expansion and growth of companies:** Rewards provided by the government to stimulate companies to expand domestic and overseas markets include bonuses and subsidies for export expansion, participating exhibitions, cross-border business and self-brand development. To encourage mergers or acquisitions, companies which achieve development by asset restructuring are entitled to subsidies.

- **Promoting green and ecological development:** Efforts are made by the government to facilitate the development of modern agriculture, service sector clustering and tourism. Investment subsidies are provided for qualified companies by means of competitive distribution. Building-based headquarter economy is also encouraged by the government. A dedicated fund has been set up to support companies which have carried out energy-saving transformation.

- **Building an innovation and entrepreneurship system:** Various policy supports such as seed funds and rent subsidies are provided by the Tongxiang Municipal Government for qualified high-tech industries, transformation of technological outcomes and high-quality incubating projects. Brand development and innovative management are strengthened to nurture new economic growth points, boosting the vigor of economy.

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**Table 1: Favorable policies for leading entrepreneurship talents in Tongxiang**

<table>
<thead>
<tr>
<th><strong>Start-up capitals</strong></th>
<th>A certain amount of start-up capital will be offered to each qualified project initiated by leading entrepreneurship talents at Tongxiang municipal level.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Awards for company performance</strong></td>
<td>Awards will be given to companies which are established by leading entrepreneurship talents in proportion to sales performance within five years after the execution of the Contract of Project Implementation by Leading Talents.</td>
</tr>
<tr>
<td><strong>Science and technological research loans</strong></td>
<td>A certain amount of science and technological loans will be offered to entrepreneurship projects initiated by overseas experts from national and provincial recruitment programs as well as A-E Category projects.</td>
</tr>
<tr>
<td><strong>Rent subsidies</strong></td>
<td>Rent subsidies will be provided for companies which settle in entrepreneurship parks or incubators established or rented by the government.</td>
</tr>
<tr>
<td><strong>Training subsidies</strong></td>
<td>A certain amount of training subsidy will be provided during the first three years of the project contract for qualified leading talent who receives an annual salary of over RMB 200,000.</td>
</tr>
<tr>
<td><strong>Housing allowance</strong></td>
<td>A one-time housing allowance will be given to each qualified leading talent who has bought an estate in Tongxiang at a price exceeding a designated amount.</td>
</tr>
</tbody>
</table>

The Tongxiang Municipal Government has worked on deepening the innovative reform of its administrative approval system through measures such as providing designated on-site services for enterprises, with the view of significantly speeding up the approval process and enabling enterprises to focus on their business development.

As the cradle of the innovative “Three-in-One” governance pattern, Tongxiang held a summit forum themed “Innovating Grass-roots Social Governance Through the Combined Development of Rule of Law and Morality and Self-governance” in June 2016 to explore new modes of social governance at grass-roots level, which was attended by more than 20 top experts from Peking University, Tsinghua University, the Party School of the CPC Central Committee and Japan’s Waseda University.

A Whole Package of Free Agent Services
An agent service center that helps investment projects with administrative approval was established in Tongxiang in 2013, the first of its kind in Jiaxing City, aiming to deliver a whole package of free and efficient agent services for construction projects invested in Tongxiang. Based in the Administrative Approval Service Center of Tongxiang, this center is staffed with 4 full-time and 76 part-time agents to provide investors with VIP services ranging from filing of project application to final acceptance of the completed project. As of July 2016, the agent service center has delivered full services to 120 projects and partial services to 130 projects, and provided guidance to over 200 projects.

“One-stop” Administrative Approval System
Tongxiang has adopted an integrated “one-stop” administrative approval system for construction projects, reducing the processing time by over 85% through a combination of mock approval, agent system and joint review. Since October 1, 2015, the reform to establish the registration system of “a Five-in-One Business License with One Social Credit Code” has been rolled out in Zhejiang Province. As of June 2016, 8,345 companies have been granted with a “Five-in-One” business license in Tongxiang.

Quick Approval System for “Zero Land-using” Technical Reformation Projects
In 2015, Tongxiang was listed as one of the pilot county-level cities in Zhejiang Province to carry out the reform of the administrative approval system for “Zero Land-using” technical reformation projects. Firstly, a qualified project will be reviewed by relevant administrative offices within one work day, and a filing receipt for the commitments made by the project applicant will be issued if the project meets all requirements. After the project was completed in accordance with the commitments and verified by relevant authorities, the facilities will be allowed to operate. That is how the quick approval system works.

“All-in-one” Evaluation System to Deliver “One-stop” Services
Since April 2016, Tongxiang has implemented an “all-in-one” evaluation system for corporate investment projects, which allows parallel processing of different evaluations at the early stage of project life cycles, and adopted an integrated and optimized new service model featuring joint acceptance, evaluation, review and approval, reducing the total processing time from 150 to less than 45 work days.

E-Government Services
As part of the endeavor to build an e-government service portal in Zhejiang Province, Tongxiang has collected and collated information according to the government power list and public service items. So far, the city has publicized information about 293 approval procedures from 33 departments and 3,195 public services from 43 departments, for which preliminary review for on-line applications is provided. This e-government service portal has basically achieved an integration of administrative approval, public services, transparent government administration and efficiency monitoring.

Note: 1. Governance through a combination of rule of law, rule of morality and self-rule. 2. Under the reform, a single business license with one 18-digit unified social credit code issued by the Industry and Commercial Administration Bureau (ICAB) has replaced the five licenses, each with one code, issued respectively by the ICAB, the Quality and Technology Supervision Bureau, the Taxation Bureau, the Human Resources and Social Security Bureau, and the Statistics Bureau.


Efficient Government Services
III. Business Environment
Competitive Clusters of Specialized Industries

Following the city’s smart manufacturing strategy, Tongxiang is speeding up the development of emerging industries, including new materials, high-end equipment manufacturing and electronic and information technology, built on the Tongxiang New Fiber Industrial Center supported by the China Torch Program. The local Internet economy is taking shape, with the Wuzhen Internet Innovation and Development Pilot Zone under active construction, and efforts underway to facilitate innovative integration of internet technology in the local secondary and tertiary industries. Traditional manufacturing industries, ranging from woolen apparels, fur products and leather shoes to chemical fiber and textile, are undergoing transformation and upgrading, and modern services including tourism are developing rapidly. Currently, an integrated industrial development system has been in place, with a “5+2+1” platform at the center, complemented by industrial parks at township or sub-district levels.

Note: 1. 5 industrial designated growth areas: TEDZ, Puyuan Textile Industrial Zone, Linhang Economic Zone, Gaoqiao New Area, Chongfu Economic Zone; 2 demonstration zones: Shimenwan Modern Agriculture Platform and Wuzhen International Resort; 1 national technology incubator: Tongxiang Technology Innovation Center.
New Materials and Industrial Applications

Overview: This industry specializes in the production of new chemical fiber, glass fiber and composite materials, and specialized products including new rubber materials, cobalt and filter materials. Supported by leading local companies, Tongxiang is planning to build the largest new fiber industrial center in the world and one of the new specialized materials manufacturing centers in the Yangtze River Delta.

Designated growth areas: Tongxiang Economic Development Zone (TEDZ), Linhang Economic Zone

Leading companies: Tongkun Group, Jushi Group, Huayou Cobalt Co., Ltd., Shuangjian Group

Fashion

Overview: In 2015, the local fashion industry in Tongxiang generated a gross output of RMB 43.6 billion. Future efforts will be focused on branding and R&D, and industrial upgrading through the development of smart manufacturing to transform Tongxiang into a fashion capital of diverse culture, characterized by a wide range of brands and a vibrant high-end market.

Designated growth areas: Puyuan Textile Industrial Zone (in Puyuan Town known for its production of exquisitely knitted sweaters), Chongfu Economic Zone, Linhang Economic Zone

Leading companies: Zhejiang Xin’ao Textiles Inc., Zhejiang Zhonghui Fur & Leather Co., Ltd., Zhejiang Qianqiu Apparel Knitting Co., Ltd., Shendanl Women’s Shoes

Case Study

Zhejiang Huayou Cobalt Co., Ltd. (SHA: 603799) is one of the largest manufacturers of cobalt and nickel materials in China and among the world’s leading cobalt producers. The company has nationally recognized in-house technologies for wet processing in cobalt and copper refining, new cobalt materials and environmental protection.

The company has established a complete supply chain of cobalt and copper mining, selecting and smelting through its operations in Africa since 2006.

High-end Equipment Manufacturing

Overview: Built on its existing resources and in response to future market trends, this industry will focus on smart manufacturing to promote the development of automation technologies and high-end equipment manufacturing, especially in the manufacturing of robot products, high-end numerical control machines, special smart-purpose equipment, and specialized equipment including electrical, mining and construction machinery.

Designated growth areas: TEDZ, Linhang Economic Zone, Gaoqiao New Area


Modern Agriculture

Overview: Based on Tongxiang’s abundant agricultural resources, a variety of modern boutique farms are being developed focusing on the production of flos chrysanthemi, special vegetables, flowers and seedlings, edible mushrooms, and eco-friendly poultry products, as well as agricultural tourism, to expand the scope and function of the agriculture industry.

Agricultural centers: a provincial-level pick-your-own farm, an agricultural and rural tourism model township (Shimen Town), Wuzhen-Shimen Provincial Resort, a modern agricultural tourism zone in northern Zhejiang Province, and 46 farm economy centers, including 17 specialized in fruits and vegetables, 15 in flowers and seedlings, 5 in seafood, 4 in traditional Chinese herbal medicine, 3 in livestock and poultry, and 2 in sericulture.

Designated growth areas: Shimenwan Modern Agriculture Demonstration Zone, Yunbei Modern Agriculture Comprehensive Zone

Leading companies: Jiaxing Sanzhenzhai Food Co., Ltd., Xinhe Health Products Co., Ltd., Huateng Animal Husbandry Co., Ltd.
Automobiles and Parts
Overview: The local automobile industry features focused development of specific sectors, including motorhomes, special vehicles, new energy vehicles, pre- and after-market auto parts, and automobile interior decoration, to achieve differentiated competitive advantages.
Designated growth areas: TEDZ
Leading companies: Shuanghuan Driveline (Jiaxing) Precision Manufacturing Co., Ltd., Zhejiang HOZON New Energy Automobile Co., Ltd., Daide Long Tree Automobile Co., Ltd, Yifeng Machinery Factory

Tourism
Overview: As the first pilot county-level city for tourism reform in China, Tongxiang has ranked among the "Model Counties and County-level Cities in Zhejiang Province for Agri-tourism and Rural Recreation". In 2015, Tongxiang achieved a gross value added in tourism of RMB 4.46 billion, accounting for 7.26% of the city's overall GDP. In the same year, the total number of tourists visiting Tongxiang increased by 8.5% to RMB 17.65 million, with the total tourism revenue up by 12.1% to RMB 18.44 billion. By establishing and improving the systems of tourism industry management, electronic tourism services and market supervision, Tongxiang aims to develop smart tourism, with a focus on building brands of tourism in historic towns, agritourism and leisure tourism.
Tourism destinations: As of the end of 2015, Tongxiang has one AAAAA tourist attraction (the historic town of Wuzhen), three AAA tourist attractions (Hongshancun Courtyard, Rice's Home Village Resort and Fuyan Temple), one national-level industrial tourism demonstration center (Fengtongyu Dyehouse), two provincial-level industrial tourism demonstration centers (Ganglong Woodhouse Expo Park and Hengji Culture Expo Park) and one provincial-level cultural tourism demonstration center (Zhejiang Cultural Tourism Demonstration Center).

Culture and Creativity
Overview: The cultural and creative design, cultural tourism and internet-based information services industries are growing rapidly, playing increasingly dominant roles. A variety of emerging industries are being developed, including film and television production, cultural performances, exhibition and conference services, and modern media services, to create a dynamic cluster of cultural and creative industries, with a focus on literature and arts, films and animations, modern media, and culture-related services and trade.
Designated growth areas: Tongxiang Cultural and Creative Industries Park, Puyuan Textile Industrial Zone, Wuzhen International Tourism Zone
Leading companies and institutions: CCTV New Film Tongxiang Park, Tongxiang-ZUMC Huace Film Industry Park, Puyuan 320 Originality Square, China (Wuzhen) Internet Industrial Base
**Internet Plus**

**Overview:** The Internet Plus industry in Tongxiang is being developed in the layout of “one core, one belt and multiple points”. The larger Wuzhen region (Wuzhen Town and Longxiang Sub-district) is planned as the core of local internet economy development, and Wuzhen Avenue as the central industrial belt connecting 3 major points of development, respectively the Hi-tech Park in the south, Wuzhen Internet Industrial Park in the middle, and the Wuzhen Core Area in the north, and radiating to Shimen Town, Linhang Economic Zone and Chongfu Town. Efforts are focused on developing 4 specific competitive sectors (smart tourism, digital content, e-commerce services, and specialized electronic and intelligent equipment manufacturing) and X major potential sectors, including online education, Internet of Vehicles, Internet finance and big data services.

**Designated growth areas:** Wuzhen Internet Industrial Park, Wuzhen Internet Town, Wuzhen Internet Innovation and Development Pilot Zone, Wuzhen Big Data High-tech Industrial Park, Tongxiang Science and Technology Incubation Park

**Leading companies and institutions:** CETHIK Wuzhen Avenue Technology Co., Ltd., Tencent Makerspace, China Quantum Communications Inc., Zhejiang Big Data Exchange Center, Wuzhen Big Data High-tech Industrial Park, Ping’ian Makers’ Town, Phoenix Tea, and Tongxiang Quantum Information Technology Industrial Park

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**Business Logistics**

**Overview:** The local business logistics industry gains its competitive advantages from Tongxiang’s prosperous market, which is among the top 10 most active markets in China, and the support of the dynamic tourism and Internet plus industries. In 2015, the total value added in business logistics reached RMB 1.747 billion in Tongxiang, representing an annual growth rate of 7.59% during the 12th Five-Year Plan period.

**Designated growth areas:** Puyuan Logistics Park Distribution Center, Zhendong Logistics Park, TEDZ Logistics Park

**Leading companies:** Zhejiang Yushi International Logistics Co., Ltd., Puyuan Logistics Co., Ltd.

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**Finance**

**Overview:** In the 13th Five Year Plan period, Tongxiang will focus on developing specific finance sectors, including venture capital investment, equity investment, financial guarantee, financial leasing and credit assessment, and encouraging innovative development of internet finance.

**Designated growth areas:** Zhendong New District, Wutong Sub-district

**Financial institutions:** 21 banks, 8 pawnbrokers, 5 guarantee companies, 6 small-loan companies, 6 security companies, 11 fund companies, 5 equity investment management companies, 1 private financing service company, 1 financial leasing company.

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Source: Information provided by Tongxiang Municipal Bureau of Commerce and economic zones in Tongxiang.
Technological Innovation and Industry Application

In the context of overall economic transition from factor- and investment-driven models to an innovation-driven one as a major highlight in China’s New Normal development phase, Tongxiang has recently stepped up investment in technology research and development, encouraging local companies to strengthen R&D and innovation capacities. In 2015, the city’s R&D expenditures totaled RMB 1.761 billion, with a year-on-year increase of 7.7%, representing 2.7% of the GDP in Tongxiang, which was 0.4% higher than the R&D expenditure rate at provincial level. Furthermore, a variety of supporting policies have been in place in Tongxiang, including the Opinions on Implementation of Policies for Further Facilitating Innovation-driven Development and the Management Measures Supporting the Implementation of Technological Innovation Policies in Tongxiang City.

Current Status of Technological Innovation-driven Development in Tongxiang

- Ranking the 7th in the Comprehensive Evaluation of Technological Outputs in Zhejiang Province¹
- Operating 16 provincial-level enterprise institutes, including 2 listed as provincial key institutes, ranking the 1st in the number of R&D institutions at municipal levels or above in Jiaxing City
- Having 88 high-tech enterprises as of 2015, as the only county-level city in Jiaxing that has achieved the goal of doubling the number of local high-tech enterprises two years ahead of schedule
- Having 3,257 patents authorized and winning a total of 5 awards for Chinese outstanding patented inventions in 2015, ranking the 1st in Jiaxing
- Delivering RMB 3.48 million to sponsor technological innovation programs in 2015, ranking the 1st in Jiaxing

Quantum Information Technology Industrial Park

- In October 2015, Zhejiang Shenzhou Quantum Communication Technology Co., Ltd. was founded in Tongxiang. Taking this opportunity, Tongxiang is establishing the Quantum Information Technology Industrial Park (QITIP), jointly with the Institute of Geology and Geophysics of Chinese Academy of Sciences (CAS), University of Science and Technology of China and Tongji University, to strengthen local quantum technology R&D capacities, aiming to lead the development of quantum industry in China.
- On March 18, 2016, the construction of the 280-kilometer-long Hangzhou-Shanghai Commercial Quantum Trunkline, the first commercial quantum cryptographic line nationwide, officially started in Tongxiang, with a total investment of RMB 170 million. It is expected to come into operation in the latter half of the year.
- Tongxiang has so far established strategic partnerships with the Institute of Semiconductors and the Institute of Geology and Geophysics of CAS and other institutions to establish a demonstration base for the transformation and industrialization of technological innovation outcomes.
- Agreements have been signed on the launch of six projects in QITIP, including the MEMS intelligent micro sensor chips, quantum laser radars, quantum cryptography of bathymetric data and quantum communication APDs.

During the 13th Five-Year Plan period, Tongxiang will continue to implement its innovation-driven development strategies, with a focus on supporting the development of high-tech enterprises, technology-based SMEs and domestically or internationally leading enterprises with independent intellectual property rights.

Guided Investment in Integration of Technology and Finance

As part of its continued effort to facilitate the integration of technology and finance, Tongxiang has set up the Fund for Guiding Technology Entrepreneurship Venture Investment, which functions as a shareholder or follow-up investor in Tongxiang-based venture capital institutions to support local hi-tech enterprises in business development and public listing. It is also planning to establish a quantum information industry fund of RMB 1 billion, which is expected to scale up to RMB 10 billion in assets by drawing on resources of centrally-controlled state-owned enterprises, listed companies and private capitals.

Integrated Cooperation among the Government, Businesses and Universities

Committed to expanding exchanges both within the city and beyond, Tongxiang has established cooperation with Peking University and Tsinghua University in Beijing, and some other national leading universities supported by the state Project 985 and Project 211 in East China to launch the programs of "Connecting University Scholars to Local Companies" and "Attracting Postgraduate and Doctoral Researchers to Tongxiang". In addition, a national integrated incubator currently with a total floor area of 123,000 m² has been established to better facilitate the transformation and industrialization of technological incubation outcomes.

A Fertile Environment for Innovation: China Innovation and Entrepreneurship Competition

In 2015 and 2016, Tongxiang has hosted the China Innovation and Entrepreneurship Competition Internet and Mobile Internet Industry Finals, which is jointly sponsored by the Ministry of Science and Technology, Ministry of Finance and Ministry of Education of China and the All-China Federation of Industry and Commerce. As the only county-level city in China that has hosted this national competition, Tongxiang has created a favorable innovation environment through this platform and has attracted a number of award-winning projects to settle and operate in the city. The Competition features two highlights:

- Entrepreneurship seminars and diagnosis workshops are organized, inviting celebrated institutions like China Merchants Bank and Ping An Insurance (Group) Company to provide entrepreneurship services for participating companies, including corporate management, IPR management and precise marketing and promotion;
- Participating companies are provided with the opportunity to attend the World Internet Conference and to communicate and exchange with world renowned entrepreneurs in the internet industry.
The energy efficient and new energy automobile industry is listed as one of the ten priority industries in Made in China 2025, with a view to building a complete industrial system and an innovation system ranging from essential spare parts to complete automobiles. Thanks to its proximity to large-scale automobile industrial clusters in Hangzhou, Suzhou, Wuxi, and Jiading District of Shanghai, Tongxiang enjoys a promising prospect in this industry.

**Industrial Clustering and Symbiosis Led by Top Enterprises**

In 2013, Tongxiang launched the first recreational vehicle and modified special urban vehicle project in Zhejiang Province. As of the end of 2015, the Tongxiang Economic Development Zone has been home to more than 50 auto parts manufacturing and after-service companies, such as Zhejiang Daide Long Tree Automobile Co., Ltd., Zhejiang HOZON New Energy Automobile Co., Ltd., Shuanghuan Driveline (Jiaxing) Precision Manufacturing Co., Ltd., and Shengfang Precision Machinery (Zhejiang) Co., Ltd. Tongxiang is making further efforts to build a vehicle manufacturing park and improve supporting facilities to give new impetus to the clustering of more companies.

**Operational Efficiency Enhanced with Easy Access to Upstream Suppliers**

The raw material and product markets needed by automobile and parts manufacturers in Tongxiang are located within an easily accessible logistics circle, leading to significantly reduced costs and improved operational efficiency.

**A Strong Talent Pool of Skilled Technicians and R&D Professionals**

By the end of 2015, Tongxiang has built up a strong talent pool of more than 130,000 skilled technicians, marking an adequate workforce reserve for the development of the manufacturing industry with relatively lower labor costs than surrounding cities. Moreover, the city’s premium geographical location facilitates communication and exchange among highly skilled professionals. It provides an opportunity for enterprises to take advantage of the business model of “locating the headquarters in a first-tier city and the manufacturing base in Tongxiang” that enables an optimized allocation of resources and enhanced competitiveness, while increasing the availability of R&D professionals.

**Case Study**

**Daide Long Tree Co., Ltd**

Founded in Tongxiang in 2010, Zhejiang Daide Long Tree Automobile Co., Ltd. is specialized in the R&D, manufacturing and distribution of recreational vehicles as well as after-sales services. By now, it has built a full range of sales and after-sales service channels in Australia. The company is planning to extend its business to new energy vehicles and will actively explore overseas markets including in Europe and Americas.

A survey shows that the favorable geographic position, government services and business environment are the major factors for Tongxiang to be chosen by this company as its location.

**Zhejiang HOZON New Energy Automobile Co., Ltd**

Zhejiang HOZON New Energy Automobile Co., Ltd. was set up in the Eco-friendly Demonstration Industrial Base of New Energy Automobile in Tongxiang in November, 2014 as the first new-energy complete automobile project. The company currently boasts 35 employees with a master’s or higher-level degree, 80 R&D staff, and 24 employees with more than 15 years of experience in the automobile industry. Its annual production capacity is expected to reach 100,000 units.

A survey shows that, the main factors considered by this company when choosing the location include logistics costs, market potential, human resource reserve, and more importantly, a high degree of conformity between the company’s development plan and the city’s “Internet Plus” strategy. The well-established information infrastructure in Tongxiang is beneficial to the company’s initiative to transform and upgrade from new energy vehicles to intelligent ones and step into the technology innovation toward unmanned driving.
Case Study

China Jushi Co., Ltd. (SHA: 600176) is one of the largest glass fiber producers in the world with 14 overseas subsidiaries involved in production and trade in South Africa, France, Italy, Canada, India and Singapore, and a global distribution network in more than 80 countries and regions. A survey shows that, its headquarters and manufacturing facilities in China are located in Tongxiang to capitalize on the rich raw materials reserves in Zhejiang Province, the huge consumer market potential in the Yangtze River Delta region, the proximity of Tongxiang to a number of ports, and the efficient local government services.

Well Positioned for Growth

- Well-positioned clusters of domestic and foreign new materials businesses have been established in Tongxiang through the local government’s effort.
- In chemical fiber industry, the largest industry in Tongxiang, a complete industry chain from textile fibers, fabrics, dyeing to finishing has been built over the past thirty years, producing 15% polyester filaments in the country.

The Glass Fiber & New Materials Industrial Park as an Enabler

- Located in the Tongxiang Economic Development Zone, the Glass Fiber & New Materials Industrial Park, which covers an area of 665 acres, is built with a total investment of over RMB 4.92 billion.
- More than 30 glass fiber producers and downstream businesses, including Air Products & Chemicals Inc. (Tongxiang), Towngas China Co., Ltd., Tongxiang Jinshi Precious Metal Equipment Co., Ltd., Jushi Pandeng Electronic Material Co., Ltd., Hengshi Fiberglass Fabrics Co., Ltd., Huamei New Materials Co., Ltd., Bonny Composite-Tech (Tongxiang) Co., Ltd., and Pacific Fishing Co., Ltd., have entered the industrial park and formed an industry structure where China Jushi Group is playing a major role in collaboration with the rest of the businesses in different sectors.
Tongxiang plans to develop the tourism as its most iconic strategic pillar industry and a modern service sector most satisfactory to the people, and use the "tourism plus" concept to promote an integrated development of the primary, secondary and tertiary industries, driving the transformation from "scenic spot-based tourism" to "region-based tourism".

### Modernized Services:
Tongxiang vigorously promotes modern services related to tourism such as professional wholesale markets, cultural innovation, and health care and elder-care services to further increase the proportion of the service industry in economy.

### New Urbanization:
The city makes great efforts to build distinctive towns with local features, and to make every town a unique and easeful place for living, working and visiting, building Wuzhen Town into the "Best Developed Tourist Town in China" and Puyuan Town into the "Best Developed Fashion Town in China" particularly.

### New Industrialization:
Enterprises are requested to take more strict environmental protection measures during the industrial development process, ensuring a greener, more eco-friendly and sustainable industrial production. New industrial modes that enable customer experience, fashion industry and high-end tourist equipment manufacturing are promoted to upgrade the economy of Tongxiang.

### New Agriculture:
Aiming to build a "backyard garden" of Shanghai and Hangzhou, Tongxiang encourages the industrial and commercial investment in agriculture to develop courtyard economy, farmland economy and manorial economy, and facilitates the shifting of traditional agriculture into sightseeing agriculture by taking the opportunity of the "beautiful countryside" construction initiative.

### Highlights – Wuzhen:
**A World-class Distinctive Town**
With a vision to build a "World-class Local Featured Town" and the "Best Developed Tourist Town in China", and taking advantage of the opportunities brought about by the World Internet Conference, Wuzhen strives to develop its digital content industry while tapping into the local culture by integrating the high technology of Internet and the time-honored history of this charming water town, to form a Wuzhen-style cultural innovation industry cluster with national-wide influence.

### Wuzhen Internet Industrial Park
After being chosen as the permanent venue of the World Internet Conference, Wuzhen embraces a strategic opportunity of developing the "innovative chain plus industrial chain" with global Internet resources combined together. The industrial park is planned to cover a total floor area of 1.25 million square meters to be completed through three construction phases. Twenty Internet companies have registered and settled in the park, 30 projects have intended to move in, and a number of listed companies have been scheduled to open their regional headquarters in the park.
In 2015, Premier Li Keqiang put forward the action plan of "Internet Plus", aiming to integrate Internet thinking and technology into traditional industries, such as traditional manufacturing and customer services. To echo this act plan, Made in China 2025 was issued, identifying priority development areas like intelligent manufacturing and new energy automobiles.

**Wuzhen Big Data High-Tech Industrial Park**

Composed of the Tongxiang Economic Development Zone in the south and Wuzhen Town in the north, the industrial park is planned to cover an area of 18.88 square kilometers. With its favorable location at the geographic center of the Yangtze River Delta, the park will benefit extensively from the capital, human and technological resources in large and medium cities in this region, enabling the gradient transfer of industries from Shanghai and Hangzhou. The output value of high and new technology industries in the park is expected to reach RMB 42 billion following five years of development, accounting for over 60% of the park’s total industrial output value.

**Opportunities for "Internet Plus" industrial integration**

- **Advantage Analysis of the "Internet Plus" Industry in Tongxiang**
  - **Policy support:** The development of "Internet Plus" industry in Tongxiang is supported by both the Development Plan of Information Economy in Zhejiang Province (2014-2020) jointly put forward by Zhejiang Provincial Development and Reform Commission and Zhejiang Provincial Commission of Economy and Information Technology, and the Plan of Information Technology Development in Tongxiang City (2014-2020) issued by the Tongxiang Municipal Government.
  - **Remarkable development platforms:** A number of industrial platforms with large enabling capacities and complete functions are established in Wuzhen, including the Wuzhen Big Data High-Tech Industrial Park, Wuzhen Street, Tencent Makerspace, Ping’an Makers’ Town, China-Wuzhen Internet Park, and Science and Technology Incubation Park.
  - **Well-developed infrastructures:** The infrastructure construction has been advanced in Tongxiang to support the “Integration of Three Networks” and the building of "Optical Network Cities" and "Wireless City". 4G networks and 100M family optical broadband is accessible across the city, and free Wi-Fi is provided in major public areas, all ready to support projects with large digital information.
  - **Industrial clustering:** Home to over 130 projects, including Zhejiang HOZON New Energy Automobile, China Quantum Communications Inc., Zhejiang Big Data Exchange Center, Big Data High-tech Industrial Park and a MEMS intelligent micro sensor chip project, Tongxiang has attracted a total investment of over RMB 10 billion, forming a clustering industrial highland of technology and talents.

IV. Infrastructure
Water Transportation
Tongxiang is traversed by the Beijing-Hangzhou Grand Canal, a renowned "golden waterway," and surrounded by the Zhapu Port, Shanghai Port, Yangshan Port and Ningbo Port. As of the end of 2015, the total length of main navigable channels in the city has reached about 272 km. During the 13th Five-Year Plan period, Tongxiang will upgrade the sections of Hangzhou-Pinghu-Shanghai (Hangpingshen) Line, Hangzhou-Shanghai (Hangshen) Line and Beijing-Hangzhou Grand Canal within its jurisdiction, as part of the efforts to build an inland waterway network in the Yangtze River Delta that is largely made up of 1,000-ton class main waterways. The city expects to increase its total length of Class III waterways to more than 50 km and ensure that 85% of its 1,000-ton class main waterways reach the standards.

Rail Transportation
With 69 trains of the Shanghai-Hangzhou high speed railway scheduled to stop at the Tongxiang Railway Station every day, Tongxiang provides direct railway service to major cities such as Beijing, Shanghai, Hangzhou, Nanjing, Changsha and Xiamen. It takes only 30 minutes by train from Tongxiang to Shanghai Hongqiao Railway Station and 20 minutes to Hangzhou West Railway Station. During the 13th Five-Year Plan period, 3 inter-city rail lines (Hangzhou-Tongxiang, Shanghai-Hangzhou, and Nanxun-Yangquan) will be constructed to complement the Shanghai-Hangzhou high speed railway service, reaching most villages and towns as well as industry clusters in Tongxiang.

Air Transportation
It takes less than 2 hours from Tongxiang to the Hangzhou Xiaoshan International Airport, the Shanghai Hongqiao International Airport and the Shanghai Pudong International Airport. In the 13th Five-Year Plan period, Tongxiang will construct a general aviation airport, and helipads in Wuzhen, as well as city-terminals within easy reach of the airports in the surrounding areas.

Green Transportation
With the concept of "green development" integrated into urban transport, Tongxiang is building a sophisticated road traffic control center and a traffic information platform to advance the development of "Internet Plus" strategy-based smart transportation. Currently, the WiFi hotspots are accessible on all urban buses and the second-class buses that shuttle between urban and rural areas.

Road Transportation
As of the end of 2015, Tongxiang has led the other cities of Zhejiang Province in terms of the total length of highway and classified highway per hundred square kilometers, which are 2,024 km and 278.44 km respectively. The North Extension of the Qiantang River Tunnel is under construction and the project of the expressway surrounding the Hangzhou metropolitan area is being planned. In 2015, the road freight transport totals 11.71 million tons and the road freight turnover is about 1.25 billion ton-kilometers in Tongxiang.

Source: 1. Information provided by the Tongxiang Municipal Transportation Bureau; 2. Yearbooks of various cities; 3. Statistical communiques of various cities.

Transportation Network
Situated at the center of the "Shanghai-Hangzhou-Suzhou triangle" and within the "one-hour transportation economic circle" to first-tier cities nearby, Tongxiang enjoys a highly efficient transportation network and excellent geographical location, easily reachable by the flows of capital, information and talent from the surrounding developed cities.
Infrastructure

Land Supply
In China, business entities and individuals are entitled to the right of land use for a defined period in the premise of land-transfer fees payable to the government. According to the Property Law of the People’s Republic of China, the maximum period of the granted land use right is, respectively, 70 years for residential use, 50 years for industrial use, 40 years for commercial use, and 50 years for various forms of development.

The land administration authority of Tongxiang is committed to guaranteeing the land supply for key projects and exploring approaches to efficient and economic use of land. In 2015, the city obtained a total land quota of 421.4 hectares for new constructions.

Energy Supply
• Water Supply
Water for production and domestic use is supplied by a surface water treatment plant with a daily capacity of 300,000 tons, through 2X1,400 mm-diameter pipes under hydraulic pressure larger than 3.2 kg. The water quality meets the Standards for Drinking Water Quality (GB5749-2006).

• Electricity Supply
With sufficient electric power transmitted from the East China Power Grid, Tongxiang currently operates one 500kV, four 220kV, 15 110kV and five 35kV substations with a transmission capacity of 44,100kVA. The project for co-production of electricity and heat is under construction, which is expected to supply electric power of 450 million kwh and steam of 2.8 million tons per year upon operation.

• Gas Supply
A variety of gas energy resources like liquefied and pipeline-transmitted natural gas, as well as special gas such as oxygen and nitrogen are supplied for business operations.

Information and Communications
Ranking high in the province in terms of the Internet infrastructure, Tongxiang is actively developing the city-wide optical network and wireless network. The city is now fully covered by fibre-optic broadband at 100M and 4G network, and free WiFi hotspots are available at all major public places.

• Upgrading fixed broadband infrastructure with optical fibre. In Tongxiang, households are connected with 100M broadband and buildings with 1,000M broadband. In Wuzhen, 24 10G fibre optic cables are connected, enabling availability of 1,000M bandwidth at desktops in some key areas.

• Speeding up the development of wireless network. Tongxiang is upgrading and expanding the capacity of the backbone networks, the urban area network and the access network, and has so far established 1,399 4G base stations across the city, achieving full coverage of multiple-stands 4G network.

• Expanding coverage of free WiFi hotspots. Free WiFi access has been currently available in almost all major public places in Tongxiang, and 9,884 wireless points are now accessible to “i-zhejiang”, including 6,404 free of charge, much more than the total number of those in other districts, counties and county-level cities in Jiaxing.

Underground Utility Tunnel Project (under construction)
Tongxiang is the first city in Jiaxing to build the underground utility tunnel to provide, through effective planning, an intensively integrated network of utility lines for water and electricity supply and communications, which is intended to serve as a model of innovative management of utility lines. The first phase of the utility tunnel with a total length of 1,415 meters is scheduled for completion by the end of 2016, and expected to effectively improve the carrying capacity and urbanization level of Tongxiang.

Source: 1. Information provided by the Tongxiang Municipal Transportation Bureau; 2. Yearbooks of various cities; 3. Statistical communiques of various cities.
V. Human Resources
Human Resource

Human Resource Costs
Tongxiang enjoys a labor cost competitive advantage, resulting from its relatively low costs of wages and social security. In 2014, the average annual salary of on-post staff in Tongxiang was RMB 47,256, and the sum of the “Five Social Insurance and One Housing Fund” contributions paid by employers accounted for 36.8%-39.8% of the total salary, with a maximum amount of RMB 4,702 contributed for each employee per month. The unemployment insurance rate borne by employers is reduced temporarily from 1.5% to 1% during the period from July 1, 2016 to December 31, 2018.

Figure 4: Human Resource Costs of Major Cities in the Yangtze River Delta (2014)

Note: Figures rounded off without decimal

Proportion of the Five Insurance and One Fund Contributed by Employers in Tongxiang (2014)

- Pension Insurance: 14%
- Basic Medical Insurance: 7%
- Basic Hospital Insurance: 4%
- Employment Injury Insurance: 0.8% (benchmark rate)
- Maternity Insurance: 0.5%
- Unemployment Insurance: 1.5%
- Housing Provident Fund: 9%-12%
- Total: 36.8%-39.8%

Human Resource Supply

- Attracting High-level Professionals

Committed to building a smart city with sufficient intellectual capital, Tongxiang has attracted 34,000 high-level professionals from various industries during the 12th Five-Year Plan period, and the total professional talent pool has expanded to 181,400 people, with an average annual growth at 13.7%. There are 2,680 professionals in every 10,000 people in Tongxiang, with a high talent density of 81.6% among the employed, ranking No. 1 in Jiaxing City.

35 "Jiaxing Elite Leading Plan" Projects
57 specialists qualified in the "Jiaxing Elite Leading Plan"
11 experts qualified in the "1,000 Talents Program"

- Industrial Talents Reserve

As of the end of 2015, the total workforce in Jiaxing City has reached 3,323 million, including 618,000 based in Tongxiang. Jiaxing is home to 10 higher education institutions, most of which offer degree or vocational programs relating to mechanical and electronic engineering, chemical fiber and textile and information technology. The number of graduates from general higher education institutions in Jiaxing reached 11,764 in 2015, and approximately 4,000 students with Tongxiang as their registered residence graduate from junior colleges or above every year.

Tongxiang is in close proximity (about a 30-minute drive) to the Hangzhou Xiasha Higher Education Park, the largest of its kind in Zhejiang Province, where 15 colleges and universities are located, providing a strong source of talent pool for Tongxiang.

- Vocational Capability Development

There are 18 technical schools and training institutions in Tongxiang, mainly cultivating professionals in the field of e-commerce, entrepreneurial management, scientific research and manufacturing. The Human Resources and Social Security Department of Tongxiang City endeavors to improve the training system for technical talents and provide adequate employment opportunities for vocational school graduates, and has built a number of professional skill upgrading platforms. By the end of 2015, the number of skilled personnel has reached 132,000, including 28,500 highly skilled professionals.

School-business Cooperation

Built on the rich vocational education resources, a talent training system emphasizing the combination of learning and practice and on-post internship has been established through the school-business alliance. The system combines the vocational education with professional qualifications, encouraging students to improve their vocational skills and capabilities to better satisfy the demand of businesses for competent workforce.

Skill Masters’ Workshops

The business-based research and innovation workshops led by skill masters are launched to promote technical exchanges and train key technical personnel.

Skilled Talent Selection

A series of selection activities, such as the selection of "chief technicians" and "golden blue-collars", have been held to recognize excellent professionals and provide outstanding blue-collar workers with more access to job promotion, facilitating the training of highly skilled personnel.
VI. Living Environment
Living Environment

Known for its elegantly picturesque sceneries featured by the long porches, arched bridges, black awning boats, greyish-green bricks, black tiles and latticed windows, Tongxiang is a destination for a serene and cozy life away from the hustle and bustle. Life in Tongxiang is tranquil and peaceful, but also full of vigor and passion. It is a unique pleasure to enjoy, at dawn or dusk, a relaxing stroll along the rippling waters feeling the cool breeze.

Amenities of Life

Health care: A series of smart health care resorts have been established in Tongxiang, such as the Ping’an Senior Health Care Park, the Graceland Health Care Eco-industrial Park in Wuzhen Town and the VIVA Green Health Care Industrial Park in Gaoqiao Town, as part of the city’s efforts to promote the development of Traditional Chinese Medicine (TCM) health care and health management services.

Education: The Tongxiang Campus of Zhejiang University of Media and Communication aims to cultivate high-level media and communication professionals. Yew Wah International Education School (Tongxiang Campus) focuses on bilingual international education. Tongxiang Technician College is dedicated to training senior technicians to satisfy local needs. The city’s compulsory education facilities, especially Tongxiang High School, rank among the tops in Zhejiang Province.

Hotels: Tongxiang boasts one five-star hotel, four four-star hotels and three three-star hotels rated by China’s Tourist Hotel Star Rating Committee; one gold-tripod hotel and two silver-tripod hotels rated by the Tourism Bureau of Zhejiang Province; six gold-leaf level green hotels and two silver-leaf level green hotels rated by Zhejiang Tourist Hotel Star Rating Committee.

Medical care: Tongxiang City First People’s Hospital (a tertiary B-level hospital), under the trusteeship of Zhejiang Provincial People’s Hospital, cooperates with several tertiary A-level hospitals in other cities including Shanghai and Hangzhou. In 2015, Tongxiang developed 20 medical projects in collaboration with renowned hospitals in Shanghai and Hangzhou. The Tongxiang Health Science Center of Shanghai Ruijin Hospital, also known as Ruijin Integrated Hospital of TCM and Western Medicine, focuses on basic medical care and medical care for seniors, providing sustainable, sound and first-class medical services for local residents. Wuzhen Internet Hospital provides on-line medical and health services.

Source: 1. Information provided by Tongxiang Municipal Bureau of Human Resources and Social Security; 2. Information provided by Tongxiang Municipal Tourism Committee; 3. Information provided by Tongxiang Municipal Bureau of Commerce.
Leisure Tourism
Southern water town: Tongxiang is known for the waterside resorts represented by Wuzhen, a historical water town dotted with riverside pavilions, bridges and slate-paved alleys of unique charm in a typical style traditionally found in the south of the Yangtze River.

A city of culture: Tongxiang is the birthplace of many cultural celebrities, including Mao Dun, a literary giant, and Feng Zikai, a comics master. Strolling on the flagstone road in the ancient Wuzhen Town, you feel like traveling back to the past, reminiscent of the stories of good old days silently told by the Lizi (Aspiration) Academy of Classical Learning, the Xiuzhen Daoist Temple, and the ancient pawnshops.

Scenic spots: Tongxiang offers many desirable destinations for residents and tourists to relax with family and friends, including the ancient town of Wuzhen, Hongshancun Countyard, Rice’s Home Village Resort, Fuyan Temple, Wucun Village, Phoenix Lake and Tongxiang Botanic Garden.

A Dynamic City
Innovation and entrepreneurship: Tongxiang was host of the first "Internet Plus" Innovation and Entrepreneurship Conference, and the Internet and Mobile Internet Industry Finals of China Innovation and Entrepreneurship Competition.

Sports and fitness facilities: The local school sports facilities are fully open to the public. In 2014, Tongxiang was rated as a city of sports in Zhejiang Province, equipped with a full range of sports and fitness facilities like the Tongxiang Municipal Gymnasium ideal for local residents to do physical exercises.

Cultural activities: Concerts, theater festivals and other cultural and artistic events are frequently held at the multi-functional venues, such as Tongxiang Cultural Center and Wuzhen Grand Theatre.
VII. Summary and Prospect
Summary and Prospect

Based on the above analysis, four most competitive advantages of the investment environment of Tongxiang are as follows:

1. **Distinct Geographical Advantage Making Tongxiang an Emerging Investment Destination**
   Located at the geographical center of the Shanghai-Hangzhou-Suzhou triangle, Tongxiang enjoys a remarkable location advantage that makes it increasingly attractive to investors in advanced manufacturing industries. With a comprehensive transportation network, the city is closely connected with surrounding first-tier cities such as Shanghai and Hangzhou. According to the 13th Five-Year Plan, Tongxiang will further carry out the strategy of achieving a synergetic development with Shanghai and Hangzhou by taking advantage of influence of the China (Shanghai) Pilot Free Trade Zone through a closer integration with Shanghai, and seizing the opportunities for coordinated industrial development among cities.

2. **Vigorous and Innovative Development Supported by a Solid Manufacturing Foundation and Driven by the “Internet Plus” Strategy**
   Following the strategy of “Building an Innovation-Driven Industrial City” during the 12th Five-Year Plan period, Tongxiang has forged a series of industry clusters focusing on new and special materials, new energy, mechanical manufacturing and electronic and information technology. Tongxiang has long been a place of choice for entrepreneurs, where numerous outstanding local entrepreneurs are nurtured by virtue of its strong capacities in innovation, entrepreneurship and creativity. Today, Tongxiang has embarked on the journey of implementing the “Internet Plus” strategy to build a “smart” city. By integrating “Internet Plus” industries with competitive local industries, Tongxiang is facilitating the transformation and innovation of traditional industries to create more opportunities for investors.

3. **Rich Cultural Legacies Nurturing Soft Power for Regional Development**
   The pioneering spirit of Zhejiang businessmen, the inclusive culture in the south of the Yangtze River and the “excelsior craftsmanship” in this new age are the powerhouse of Tongxiang’s continuous development and its constant pursuit of innovation and entrepreneurship. During the 13th Five-Year Plan period, Tongxiang pledges to accomplish the “Integrated Development of Four Aspects”, and “Upgrading in Four Areas (management, industries, functions and city image)” by combining historical legacies with industrial development in the city to boost soft power for regional development and attract more talents to launch careers here.

4. **A Service-oriented Government Providing Comprehensive Services**
   The Tongxiang Municipal Government is always committed to providing easily accessible, practical and comprehensive services for business operations. Follow-up services are provided for the companies which have been settled in the city to identify what they need and build an enabling environment for their innovative development.
   Tongxiang, as an industrial city, Internet-based intelligent city and tourist city in the Yangtze River Delta region, has achieved remarkable results in government services, industrial agglomeration and infrastructure construction. During the 13th Five-Year Plan period, the city will continue to focus on the industry development, enhance the “Four Drivers” initiative, and further implement the “Five Action Plans” toward the goal of building a model city featuring picturesque water town landscape, attractive tourist destinations and intelligent networks.

Notes: 1. “Four Aspects” refers to industries, the city, the people and the culture; 2. “Four Drivers” refers to the industry, the market, the tourism and the Internet; 3. Five Action Plans comprise the action plans to accelerate industrial and commercial growth, to build a picturesque livable water city, to promote the development of city culture, to build healthy and safe communities, and to strengthen capacity building of local CPC committees.

Appendix I: How to Get to Tongxiang

**From Shanghai**
- **By high-speed railway:**
  Approx. 30 minutes from Shanghai Hongqiao Railway Station to Tongxiang Railway Station
- **By bus:**
  Approx. 90 minutes from Shanghai Hongqiao International Airport to Tongxiang Bus Station
  Approx. 90 minutes from Shanghai Pudong International Airport to Tongxiang Bus Station

**From Suzhou**
- **By high-speed railway:**
  Approx. 90 minutes from Suzhou Railway Station to Tongxiang Railway Station
- **By bus:**
  Approx. 90 minutes from Suzhou Bus Station to Tongxiang Bus Station

**From Hangzhou**
- **By high-speed railway:**
  Approx. 20 minutes from Hangzhou Railway Station to Tongxiang Railway Station
- **By bus:**
  Approx. 40 minutes from Hangzhou Xiaoshan International Airport to Tongxiang Bus Station

Situated at the center of the Shanghai-Suzhou-Hangzhou Triangle, Tongxiang enjoys an efficient transportation network within the “one-hour transportation economic circle” connecting regional transportation hubs like Shanghai and Hangzhou. Tongxiang is directly reachable by drivers from peripheral areas via the Shanghai-Jiaxing-Huzhou Expressway, Lianhang Expressway or Shanghai-Hangzhou Expressway. For travelers from other cities or international travelers, high-speed railway and direct bus services are available from the international airports in Shanghai and Hangzhou to Tongxiang.

Sources: 1. Information provided by Tongxiang Municipal Bureau of Commerce; 2. Information provided by Tongxiang Tourism Committee.
Appendix II: Main Government Agencies for Investment Services in Tongxiang

**Tongxiang Municipal Bureau of Commerce**
*Address: 6 Zhenxing East Road, Tongxiang City, Zhejiang Province*
*Tel.: +86 573-88107162*
*Website: www.tftec.gov.cn*

**Tongxiang Administrative Approval Service Center**
*Address: 2 Qingfeng South Road, Tongxiang City, Zhejiang Province*
*Tel.: +86 573-88112007*
*Website: www.txsp.gov.cn*

**Leading Group Office of Talent Development of CPC Tongxiang Municipal Committee**
*Address: 8F, Administrative Multi-functional Building 1, 600 Zhenxing East Road, Tongxiang City, Zhejiang Province*
*Tel.: +86 573-89398816*
*Website: www.zjtxdj.com*

**Financial Affairs Office of Tongxiang Municipal People’s Government**
*Address: 4F, Administrative Multi-functional Building 1, 600 Zhenxing East Road, Tongxiang City, Zhejiang Province*
*Tel.: +86 573-89398403*
*Website: http://www.zjzfw.gov.cn/

**Tongxiang Development and Reform Bureau**
*Address: 698 Zhenxing East Road, Tongxiang City, Zhejiang Province*
*Tel.: +86 573-88021924*
*Website: www.txdgj.gov.cn*

**Tongxiang Municipal Bureau of Economic and Information Technology**
*Address: 38 Zhenxing West Road, Tongxiang City, Zhejiang Province*
*Tel.: +86 573-89396709*
*Website: www.tbjxj.gov.cn*

**Tongxiang Municipal Bureau of Science and Technology**
*Address: 3F, Administrative Multi-functional Building 1, 600 Zhenxing East Road, Tongxiang City, Zhejiang Province*
*Tel.: +86 573-89398327*
*Website: www.tbjxj.gov.cn*

**Tongxiang Municipal Bureau of Land and Resources**
*Address: 30 Yuanlin Road, Tongxiang City, Zhejiang Province*
*Tel.: +86 573-88038348*
*Website: www.tbgtzy.gov.cn*

**Tongxiang Environmental Protection Agency**
*Address: 1700 Xiaochang East Road, Zhendong New District, Tongxiang City, Zhejiang Province*
*Tel.: +86 573-88131887*
*Website: www.txhb.gov.cn*

**Tongxiang Housing and Urban-Rural Planning and Construction Bureau**
*Address: 818 Zhongshan East Road, Tongxiang City, Zhejiang Province*
*Tel.: +86 573-88039688*
*Website: www.txpcb.gov.cn*

**Tongxiang Municipal Bureau of Human Resources and Social Security**
*Address: 98 Zhonghua Road, Tongxiang City, Zhejiang Province*
*Tel.: +86 573-88197800*
*Website: www.txrss.gov.cn*

**Tongxiang Municipal Bureau of Market Supervision and Regulation**
*Address: 558 Xiaochang East Road, Tongxiang City, Zhejiang Province*
*Tel.: +86 573-88185607*
*Website: txmsa.tx.gov.cn*

**Tongxiang Municipal Bureau of Finance (Local Taxation Bureau)**
*Address: 2 Maodun West Road, Tongxiang City, Zhejiang Province*
*Tel.: +86 573-88021510*
*Website: www.txffs.gov.cn*

**Tongxiang Office of State Administration of Taxation**
*Address: 51 Qingfeng South Road, Tongxiang City, Zhejiang Province*
*Tel.: +86 573-88114077*
*Website: www.zjtax.gov.cn*

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Appendix III: Main Government Agencies for Investment Services in Tongxiang Economic Development Zone

I. TEDZ Administrative Committee
The TEDZ Administrative Committee has established an integrated service system that provides a full range of business services from company incorporation, plant construction, staff employment to production and operation. The one-stop administrative approval system is designed to streamline the administrative procedures and accelerate the investment process, offering great convenience to investors.

II. Investment Promotion Bureau
The Investment Promotion Bureau (IPB), directly administered by the TEDZ Administrative Committee, is comprised of the Investment Promotion Department and the Project Facilitation Department, which provide the following services:
1) Providing investment consulting services and industry surveys, and introducing potential investors;
2) Helping investors with site selection and closing of investment agreements, and providing agent services for handling project-related administrative approval procedures and;
3) Facilitating the implementation of projects.
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