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Located at the heart of the economically vibrant Pearl River Delta (PRD), the City of Foshan is conveniently connected to Guangzhou to the west, and Hong Kong and Macau to the south. It enjoys great strategic importance as a significant part of the Guangdong-Hong Kong-Macau (GDKM) Bay Area, the Guangzhou-Foshan/Nanhai integration plan, the Guangzhou-Foshan-Chaozhou (GFDC) Economic Circle, and the PRD Economic Zone, as well as a crucial hub along the Belt and Road.” As the third largest city in Guangdong Province, Foshan boasts a strong economy, and was ranked 16th in the 2017 rankings of Chinese cities by GDP.

During the 13th Five-Year Plan period (2016-2020), Foshan upheld the strategy of building an industry-driven city to enter more specialized areas and move up the value chain steadily. Such focused efforts made by Foshan in transformation and upgrading, while optimizing its competitive sector clusters in the manufacturing industry, such as sectors of household appliances, ceramic building materials, metal products, automobiles and auto parts, and machinery equipment manufacturing, the city also nurtured strategic emerging industries including electronic information, energy saving and environmental protection, and healthcare and wellness. The Research Report analyzes the development planning of Foshan City, Guangdong Province for investors from abroad and domestic enterprises. The Research Report aims to provide a comprehensive overview of the investment environment in Foshan from the following five aspects: location, business environment, infrastructure, human resources, and living environment. The Report also analyzes the development planning of Foshan, and favored services provided by competent authorities, presenting insights into its advantages in particular geographic location and business environment.

As China deepens its progress on economic growth model shift as well as transformation and upgrading, Foshan is further aligning with the national strategies to create a more attractive, competitive and sustainable business environment.
Chapter I
Overview of Foshan City

Basic Facts

Premium Location and Emerging Opportunities
Located at the heart of the economically vibrant PRD region, Foshan is close to Hong Kong and Macau, and adjacent to Guangzhou on the east. It is a significant part of the Guangzhou-Foshan Metropolis Circle and the GZFSZQ Economic Circle. The city is now conveniently connected by the diversified transportation network comprised of the Guangzhou-Foshan Intercity Railway Line, the Guangzhou-Foshan-Jiangmen-Zhuhai Intercity Railway Line, the Guangzhou-Shenzhen-Hong Kong High-Speed Railway Line, the Hong Kong-Zhuhai-Macau Bridge and other infrastructure. As a result, Foshan is further integrated into the “one-hour economic circle” of the GDHKMC Bay Area1, ready to promote human resource exchange, currency circulation, policy communication, financing, and information sharing among the cities in the Bay Area. Leveraging the premium location, Foshan is making every determined effort to take the emerging opportunities in the new era and push forward innovation-driven development, with a view to becoming a bright pearl in the west of the PRD region.

Smart Manufacturing and Innovation-driven Development
As an industry center in the GDHKMC Bay Area and a leading city on the west bank of the Pearl River in terms of equipment manufacturing, Foshan is well placed to capitalize on its advantages in this industry, with smart manufacturing at the core, to promote cluster-based and high-tech-driven development facilitated by an integrated value chain, as part of the efforts to achieve comprehensive transformation and upgrading. To function as a major participant in the synergic innovation system of the Bay Area, Foshan is implementing its strategic planning of “First Ring Innovative Circle”. Efforts are continuously made to develop an attractive leading-edge area of global influence, supported by a fully-fledged technological innovation system. The city aims to pursue the innovation-driven development model of “Global Technologies + Made in Foshan + International Markets”, so as to achieve its strategic goals of shifting from “Made in Foshan” to “Created in Foshan”, and from “Large Industrial City” to “Strong Industrial City”.

Closer Cooperation and Better Integration for the Bay Area Development
Foshan is committed to making joint efforts with its first-tier neighbors, such as Guangzhou, Shenzhen, and Hong Kong, to build the Bay Area into a world-leading city cluster. For example, it is co-constructing the Nansha Port with Guangzhou and Zhongshan, to further improve the transportation network within the Bay Area. It has also reached cooperation intention with Hong Kong on 11 key projects in 7 areas, on the basis of a new cooperation model between the two cities. Through all these efforts, Foshan has been deeply integrated into the nationally strategic GDHKMC Bay Area project. Foshan is ready to further strengthen the backbone of the PRD city cluster together with other cities in the Bay Area, through pioneered innovations in regional opening-up and cooperation models as well as shifted driving force for development. It aims to help the Bay Area develop into a region with the most comprehensive market economic system and the most vibrant economy.

Rich Cultural Heritage and New Development Momentum
Having nurtured and inherited the Lingnan Culture, Foshan is recognized as a National Historical and Cultural City in China, and the home of Cantonese Opera, martial arts and lion dancing. It boasts rich cultural heritage, time-honored architecture of typical Lingnan style, and abundant intangible cultural heritages, presenting a panorama of Lingnan culture and folk customs. It is also a city of creativity that pioneers in innovatively using modern art and cultural events and advanced technologies to optimize its cultural environment. With an integrated culture featuring valuable traditional and modern elements, Foshan is demonstrating unique and vigorous merits to the world.

Note: 1. GDHKMC Bay Area refers to a city cluster comprised of the special administrative regions of Hong Kong and Macau, and nine cities in Guangdong Province, namely: Guangzhou, Shenzhen, Foshan, Dongguan, Huizhou, Zhuhai, Zhongshan, Jiangmen, and Zhaoqing.

Titles & Honors
- National Historical and Cultural City
- National Model City
- National Garden City
- The City of Martial Arts in China
- The Leading City in Education Modernization in Guangdong Province
- National Leading City in Technological Advancement
- National Double Support Model City
- Award for Best Practices to Improve the Living Environment (awarded by the United Nations)
Economic Development at a New Level

- Since the beginning of the 12th Five-Year Plan period, Foshan has made great progress in economic growth, with its GDP increasing by approx. RMB 360 billion. In 2017, the GDP of Foshan grew year on year by 8.5% to RMB 954.96 billion. With a steady progress, Foshan ranks third in Guangdong Province in terms of GDP, and 16th among the Top 100 cities in China.

- In 2017, the industry structure of Foshan has been further optimized towards "tertiary, secondary, primary industry" (in the order of the proportion of contribution to GDP, from highest to lowest). Specifically, the ratio of primary-secondary-tertiary industries changed to 1.5:58.4:40.1 in 2017 from 1.7:59.6:38.7 in 2016. The value added of the secondary industry reached RMB 557.02 billion, the most among the three industries, while the value added of the tertiary industry was RMB 383.35 billion, serving as a new driver for local economic growth.

Transformation and Upgrading of the Consumer Market

- In 2017, the total retail sales of consumer goods in Foshan grew 10.0% year-on-year to RMB 332.04 billion, maintaining at a double-digit growth. Dedicated to upgrading the consumption patterns and making innovations in consumer goods supply, Foshan encourages traditional retail businesses to develop e-commerce, to promote the integration of and interaction between online and offline markets in the new wave of opportunities created by the "Internet +" model. The city has opened the door of the consumer market's transformation and upgrading with the new retail pattern of "Online + Offline".

Continuous Growth of Industrial Economy

- Steady Increase of the Overall Industrial Output Value
  
  In 2017, the overall output of Foshan's industrial enterprises with an annual revenue of RMB 20 million or more increased by 8.7% to RMB 2,233.07 billion. With the strategic goal of building an advanced, intelligent and environmentally friendly industrial sector, Foshan strives to develop into a large but also strong industrial city.

- Largest Scale of Investment in Industrial Technology Reform in Guangdong Province
  
  In 2017, Foshan invested RMB 77.15 billion, a year-on-year increase of 39.4%, in industrial technology reform, ranking first in Guangdong Province. By investing in manufacturing facilities including industrial robots, numerical control machines, and fully automatic production lines, the city is on the way of transforming from "Made in Foshan" to "Created in Foshan".

Buoyant Development of Private Sector

- In 2017, the total industrial output of the private sector in Foshan increased by 10.2% to RMB 1,584.55 billion, ranking first in the industrial growth of Foshan. Many private sector brands have established a presence in China and the rest of the world, such as Haitian Flavoursing and Food, Jianlibao, Midea and New Zhong Yuan Ceramics.

Further Growth of Imports & Exports

- In 2017, Foshan witnessed a year-on-year increase of 6.1% in the total volumes of import and export trades, to RMB 435.74 billion, with the export volume increasing by 1.7% to RMB 515.36 billion, and the import value increasing by 19.6% to RMB 120.38 billion.

- In 2017, the volume of the import and export trades in Foshan with the Association of Southeast Asian Nations (ASEAN) and the USA continued to grow at a double-digit rate. The volume of trades with countries along Belt and Road accounts for 31.4% of the city's total import and export volume, among which the volume with Thailand, Malaysia, India and Vietnam amounted to more than RMB 10 billion.

Win-Win Results by Going Global and Bringing in

- Over the past few years, the outward investment made by Foshan-based Chinese companies has seen a dramatic growth. From 2015 to 2017, 112 outward investment projects were launched, with over USD 5.8 billion invested by local Chinese companies, rising by 2,066.67%. Local companies in Foshan, represented by the Midea Group and Guangdong SAGA Precision Manufacturing, have started going global, expanding beyond the domestic market.

- As of February 2018, 10,497 foreign direct investment (FDI) projects have been launched in Foshan with the total investment value amounting to USD 85.88 billion, including a contractual FDI of USD 41.93 billion. Among the foreign investors are 60 Fortune 500 companies investing in 116 projects in industries including food, auto parts, electrical equipment and chemicals. Foshan has risen as an attractive investment destination for more and more multinational companies.

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Vibrant Capital Market

- The capital market provides an important platform for the optimal economic development of Foshan. As of 2017, 54 companies in Foshan have gone public (including two companies that have gained approval and are preparing for their IPO), with the market capitalization amounting to RMB 972.2 billion. Foshan, therefore, has been ranked seventh among the cities in China in terms of the market cap of listed companies. This is the first time that Foshan has been listed among the Top 10 cities.

- At the same time, Foshan has been promoting high and new technology companies and those with an annual revenue of RMB 20 million or more to engage in the multi-layered capital market. So far, 142 high- and new-tech companies have been listed on the mainboard and technology board of the Guangdong Equity Exchange and 3 have gone public in China through IPO. These public companies have become the main force of the economic development in Foshan.

Table 1: Foshan’s GDP and Its Composition (2011-2017) (In RMB Billion)

<table>
<thead>
<tr>
<th>Year</th>
<th>Primary Industry</th>
<th>Secondary Industry</th>
<th>Tertiary Industry</th>
<th>GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>668</td>
<td>670.9</td>
<td>701</td>
<td>863</td>
</tr>
<tr>
<td>2012</td>
<td>766.3</td>
<td>800.4</td>
<td>955</td>
<td>955</td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td></td>
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<tr>
<td>2017</td>
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</tbody>
</table>

Table 2: Foshan’s Total Retail Sales of Consumer Goods (2011-2017) (In RMB Billion)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>193.1</td>
</tr>
<tr>
<td>2012</td>
<td>202</td>
</tr>
<tr>
<td>2013</td>
<td>226.4</td>
</tr>
<tr>
<td>2014</td>
<td>256.1</td>
</tr>
<tr>
<td>2015</td>
<td>268.7</td>
</tr>
<tr>
<td>2016</td>
<td>301.8</td>
</tr>
<tr>
<td>2017</td>
<td>322</td>
</tr>
</tbody>
</table>

Table 3: Fortune 500 Investors in Foshan

- USA: Anheuser-Busch, Walmart, DuPont, Intel, Kohler, Tyco, Genpact
- Japan: Toshiba, Toyota, Honda, Aeon, ITCHU, Sumitomo Corporation
- Europe: Volkswagen, Siemens, Fiat, BP, Total, Veolia, ArcelorMittal, Basil, Shell
- Hong Kong: Hutchison Whampoa Limited, Esquel, Sun Hung Kai Properties, New World Development, Shui On Land
- Others: ABB, Hillbl, Keppl Logistics, CapitalLand, LG, Pocoo

Table 4: Some Fortune 500 Investors in Foshan

- USA: Anheuser-Busch, Walmart, DuPont, Intel, Kohler, Tyco, Genpact
- Japan: Toshiba, Toyota, Honda, Aeon, ITCHU, Sumitomo Corporation
- Europe: Volkswagen, Siemens, Fiat, BP, Total, Veolia, ArcelorMittal, Basil, Shell
- Hong Kong: Hutchison Whampoa Limited, Esquel, Sun Hung Kai Properties, New World Development, Shui On Land
- Others: ABB, Hillbl, Keppl Logistics, CapitalLand, LG, Pocoo

Table 5: Major Business Players in Foshan

<table>
<thead>
<tr>
<th>Local Companies Listed in Fortune 500</th>
</tr>
</thead>
<tbody>
<tr>
<td>Midea Group Co., Ltd.</td>
</tr>
<tr>
<td>Country Garden Holdings Co., Ltd.</td>
</tr>
</tbody>
</table>

Local Leading Companies

- Haitian Flavoursing and Food: Quanchi PhotoElectric
- Galan Group: Lesso Technology
- Vanward New Electric: New Pearl Ceramics
- Xingfa Aluminum: Essel Group
- Keda Clean Energy: Foshan Electrical and Lighting

Research Report on the Investment Environment of Foshan City, Guangdong Province
Serving as a Chinese manufacturing base in the GDHKMC Bay Area, the city of Foshan has devoted efforts to establish a new industry development pattern on the foundation of its strengths in traditional industries supported by the pillar of advanced manufacturing with a focus on strategic emerging industries. In response to a series of China’s national strategic initiatives, including “Made in China 2025” and the “Integration of Informatization and Industrialization”, Foshan is currently committed to improving the quality and efficiency of production in its six major traditional industries, including household appliances, ceramics and furniture, while following a path towards smart high-end upgrading featuring technological innovation and “Internet+” models, as part of its endeavor to facilitate a full-fledged chain across all its traditional competitive industries and foster a cluster-based new driving force.

Household Appliances Industry

Overview: As a key manufacturing base of household appliances in China, Foshan leads the country in the production and sales of white goods, including microwave ovens, washing machines and refrigerators. Building on its solid strengths in the household appliances industry and a full-fledged sector cluster, Foshan has nurtured a large number of leading companies and renowned brands of household appliances. The household appliances industry, as the core of Foshan’s traditional industries, generated a total output value of around RMB 211.17 billion in 2017, up by 9.1% over the previous year, accounting for 24.7% of that of Foshan’s six major traditional competitive industries.

Leading Companies: Midea Group, Galanz Group, SHIMPO, vanward

Chapter II

Business Environment

Building on a variety of key technologies of smart manufacturing and advanced experience in smart manufacturing of industrial robots, numerical control machines, and other equipment, Foshan is stepping up its efforts to develop digital management on supply chains, automatic manufacturing, and smart household appliances, as an endeavor to facilitate optimized upgrading and innovation across the household appliances industry.

Traditional Household Appliances + Smart Manufacturing

Drawing on the core technologies of smart manufacturing, Foshan is continuing its efforts to promote innovative development of its traditional household appliances manufacturing towards smart upgrading across the industry.

Internet + Smart Manufacturing

Over the past few years, Foshan has made great efforts to deepen the integration of manufacturing industries with Internet, big data and artificial intelligence technologies, and facilitate the expansion of the digital economy. By promoting the innovative “Internet + Smart Manufacturing” business models, such as web-based collaboration, customization, online value-added services, and shared manufacturing, it is driving the manufacturing industries towards digital, web-based and intelligent-oriented development.

In the robot industry, for example, Foshan is proactively rolling out the Smart Manufacturing Program and the Robots-driven Development Initiative, and has launched the Plan of Foshan to Promote Robots Applications and Support the Robots Industry Development (2018-2020), to encourage companies to transform industrial technologies for the development of smart manufacturing. Midea Group, a Fortune 500 company based in Foshan, is cooperating with KUKA, a world leading supplier of robots, for the research and innovation in big data and AI technologies. It strives to offer automation and business solutions applicable to different complicated manufacturing situations, laying the ground for potential human-robot collaboration in smart manufacturing.
A Cluster of Competitive Manufacturing Industries (Continued)

In line with the national strategy to promote green, smart and IT-based development for the automobile manufacturing industry, Foshan has seized the opportunity to expand the scale of its automobile industry, while optimizing the industry structure and spatial layout, to build a leading automobile industry cluster in China worth RMB 100 billion through the accelerated clustering of industry elements and innovation resources in the city.

- **Traditional Automobile Manufacturing Featuring Solid Industry Foundation**
  The automobile and parts manufacturing in Foshan maintained a high-speed growth in 2017, with the annual total output value reaching over RMB 71.96 billion, accounting for about 7.0% of the city’s gross output value in advanced manufacturing.
  Foshan has launched a series of pilot projects for smart manufacturing of traditional auto parts led by leading corporations such as Toyota Boshoku, Asin Selli and Delian Group, thus forming an industry cluster of automobile accessories including engines, electronics, molds, tires and coatings.
  Foshan is now home to four automobile manufacturers, including FAW-Volkswagen South China Base and Nanhai Automobile Factory of BeiQ Foton Motor, and two special-purpose vehicle manufacturers (Yuehai Automobile Factory and Lushou Machine Manufacturing Co., Ltd.), which produce an extensive variety of automobile products.
  Foshan operates one of the three major automobile manufacturing bases in Guangdong Province, which is equipped with complete industrial facilities for production of whole vehicles and auto parts and accessories and serves as a significant contributor to the smart, high-end and clustered development of China’s automobile industry.

- **New Energy Vehicle (NEV) Manufacturing Showcasing Great Clustering Effect**
  The NEV industry represents one of the three prioritized strategic emerging industries in Guangdong Province, and also a focused area in the initiative of constructing an industry belt for advanced equipment manufacturing along the west bank of the Pearl River.
  As a result of the city’s continuous efforts to foster a new driving force for the auto industry through exploration of new paths to develop NEVs, Foshan has so far established a well clustered NEV production base covering the areas of R&D and production of essential parts, battery recycling and reusing, and whole vehicle manufacturing.
  Foshan is also making focused endeavors on innovative key technologies and their commercial applications, while developing critical materials and core parts with independent intellectual property, such as fuel cells.
  The persistent efforts on innovative R&D of cutting-edge technologies have provided irreplaceable impetus for the city’s further development of NEV industry.

**Case Study**

The “NEV Town” is established in Shunde District of Foshan to focus on the development of new energy and smart network, specifically, production of NEVs and core parts and accessories, and development of the Internet of Vehicles (IoV), cloud computing and big data technologies. As of now, more than 20 leading companies in automobile innovation have signed up and moved into the town, including the Headquarter Base of China OptimumNano New Energy Vehicle Innovation Alliance and Nakao (IoV) Joint Lab. Dedicated to optimal industry development driven by R&D and innovation, the “NEV Town” is building a Foshan-based world-class innovation ecosystem for the auto industry.

### Auto Parts Manufacturing

- **Major Enterprises**
  - GEE New Energy
  - Teamgiant New Energy
  - Dongfang Precision Science & Technology
  - Biobid Recycling Tech

### Vehicle Manufacturing

- **Major Projects**
  - Corin DH5 Hybrid Electric Vehicles
  - NEV Production and Hydrogen Power R&D Center of Changfeng Automobile
  - Greendrive Pure Electric Passenger Vehicles
  - Feichi Buses

### Integrated Innovation

- **Key Platforms**
  - Guangdong NEV Essential Parts Industry Base
  - South China NEV Integrated Innovation Industry Park
  - South China Base of National Fuel Cell and Hydrogen Technology Research Centre

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Research Report on the Investment Environment of Foshan City, Guangdong Province 9
**Strategic Emerging Industries**

**Electronic Information Industry**

Considered as the forefront of automation reform and smart device application, the electronic information industry plays a crucial role in intelligent transformation. Taking advantage of the smart manufacturing boom, Foshan has been vigorously developing the electronic information industry to boost the growth of the new economy and upgrade the traditional manufacturing towards intelligentization.

- Based on the Made in China 2025, Foshan Action Plan, Foshan has seized the golden period of electronic information industry to prioritize the development of semiconductor-chip manufacturing and integrated circuit design. With Nationalstar, Qunzhi Photoelectric, Halomicro, Gwien Semiconductor and other top companies leading the way, the city has been proactively nurturing electronic information industry clusters.

- In this field, the PRD region has seen a great integration of major industry resources and synergistic development. As a major player in the PRD City Cluster, Foshan has made full use of the regional industry advantages to proactively engage in the Guangzhou-Shenzhen Science and Technology Innovation Corridor, strengthen major industry resources and synergistic development of the environmental protection equipment and electronic information industry clusters.

**Energy-Saving and Environmental Protection Industry**

Over recent years, Foshan has been devoted to promoting the development of energy-saving and environmental protection industry. It has fostered coordinated development with Dongguan and other cities to create a Guangzhou-Foshan electronic information industry cluster.

- Foshan is taking advantage of key industry platforms like the Southern China Cluster of Environment Service Industry and Shunde Energy-saving and Environmental Protection Equipment Industry Base, and leading companies like Keda Clean Energy and Infore Environment Technology Group; it is also engaging actively with Chinese Academy of Sciences to jointly establish a platform for industry innovation and promote the R&D of new energy-saving technologies, aiming to build itself into a green and low-carbon industry ecosystem.

**Industry Platform - Electronic Information Industry Park**

Located at Lishui Town of Nanhai District, Foshan Electronic Information Industry Park focuses on the development of a new generation of IT sectors comprised of cloud computing, big data, Internet of Things, mobile internet, smart cities and electronic information. Enjoying superior geographical advantages, it has fostered coordinated development with Guangzhou Huaguiwei Industry Park which focuses on a new generation of information technology and artificial intelligence.

- The two industry parks have been sharing industry investment promotion catalogues and encouraging fine resource flow in the region, with a view to fully integrating the industry resources of the two cities to enhance regional collaborative innovation capabilities and jointly create a Guangzhou-Foshan electronic information industry cluster.

**Diverse Industry Incubators**

Known as one of the most promising sectors in the 21st century, the medical and health care industry presents a huge potential market. In an active response to the Plan of Healthy China 2030, Foshan prioritizes the development of four major segments – biomedicine, medical devices, health services and healthy food and beverages, as part of its efforts to foster a highly concentrated cluster of medical and health care industry featuring a complete value chain.

- Nanhui Biomedicine Base and Translational Medicine Center of Guangdong Academy of Medical Sciences
- Guangdong Health and Medical Big Data Industry Park
- Guangdong Bio-industry Park for Innovation and Technology Transfer
- China (Nanhai) Medical and Health Care Industry Valley
- Chinasun Pharmaceutical Machinery Industry Base in Foshan
- Nanhai Mountain Health Care Cultural Industry Park
- China (Sanshui) International Food and Beverage Base

**A Complete Value Chain**

- **Biomedicine**
  - Based on biological technologies such as genetic engineering, microbial engineering and enzyme engineering, Foshan-based companies have independently developed drugs with new mechanisms of action and biological targets, antibody drugs, new structural proteins and polypeptide drugs, which have enhanced the core competitive edge of the city's biomedicine industry.

  **Leading Companies:** Otsuka Pharmaceutical, Medi-World Pharmaceutical, Dezhong Pharmaceutical

- **Medical Devices**
  - Foshan has improved its innovativeness in upgrading the production of medical devices through breakthroughs made in applications of biological 3D printing, purifying cell-induction and other state-of-art technologies, with a focus on high performance diagnostic equipment such as imaging devices and medical robots, high-value medical consumables such as biodegradable vascular stents, and mobile medical products such as wearable devices and telemedicine equipment.

  **Leading Companies:** Qinlan Medical Apparatus and Instruments, TiCar Biotech

- **Health Services**
  - Foshan has been committed to improving services for health examination, counseling and rehabilitation, and elderly care, while strengthening its capability of delivering customized health management services. It also encourages coordinated development of health care, tourism, culture and the Internet to create new industries, modes and patterns of business.

  **Leading Companies:** Starcastle Senior Living, Modern Chinese Medicine and Food & Beverages

- **Diverse Industry Incubators**

  **As a leading company in modern Chinese medicine, Yifang Pharmaceutical is dedicated to reforming traditional Chinese medicine (TCM) treatment with the assistance of modern extraction technologies. For years, the company has made scientific research and innovation the major driving force for its development, and developed a new model that integrates production with research and applications to enable a systematic R&D on the production processes, quality criteria, clinical efficacy and safety of TCM formula-granules. For its strong technological achievements made in facilitating the industrialization of its TCM formulae, Yifang Pharmaceutical has won a series of awards and honors, including Second Prize of the National Award for Scientific and Technological Progress, and First, Second and Third Prizes of the Guangdong Provincial Award for Scientific and Technological Progress.**

  **Case Study: Yifang Pharmaceutical**

  - **Modern Chinese Medicine and Food & Beverages**
    - Foshan has placed a great emphasis on the R&D of purification technologies for marine organisms, active ingredients in traditional Chinese medicine and other raw materials using new-type bioreactors and large-scale industrial fermentation devices, in an endeavor to promote the upgrading of modern Chinese medicine, traditional and healthy food and beverages.

    **Leading Companies:** Yifang Pharmaceutical, Haitian Flavoring and Food, Hong Fu Lai Healthcare Product, Jianlibao, Budweiser, Red Bull, Coca Cola, Henz

Platforms Enabling Industry Development (Continued)

With the building of the GDHKMC Bay Area and the deeper integration of Guangzhou and Foshan, an increasingly open innovation system has been emerged in the region. Foshan's development strategy, the “First Ring Innovative Circle”, is being implemented in the layout of “one core connecting five platforms with multiple routes” featuring the Chancheng-Nanhai-Shunde (Sanlong Bay) High-end Innovation Cluster as the core. Foshan takes the road of “internationally advanced technology + Foshan smart manufacturing + global market”, marking a new era of innovation-oriented development.

1 One Innovative Core
Located on the border of three districts of Foshan, the Chancheng-Nanhai-Shunde (Sanlong Bay) High-end Innovation Cluster enjoys remarkable geographical advantages with a total area of nearly 93 km² or so. As an innovative core, it has attracted and nurtured a host of national key laboratories, high-tech enterprises and innovation teams to integrate innovation resources, talents and achievements. The Cluster is being developed into an eco-friendly and livable place that meets first-class standards domestically and globally, a powerhouse for innovation-driven growth of the GDHKMC Bay Area, and an exemplary zone for practicing the new development concept.

2 Five Innovative Platforms

- **Nanhai-Sanshi Industry Cooperation Zone**
  - The Industry Cooperation Zone, with a total area of 109 km², covers the Shishan Town of Nanhai District and the Leping Town of Sanshui District. It is making significant efforts in advanced manufacturing industries including smart manufacturing, equipment manufacturing and biological medicine, with a view to agglomerating the city’s emerging strategic industries, and building an e-commerce logistics center and a pilot zone integrating finance, technology and industry.

- **Guangdong High-tech Service Zone for Financial Institutions**
  - Located at the bank of Qiandeng Lake in Nanhai District, the 11.4-square-kilometer Service Zone is positioned to be a platform for national-level intelligent manufacturing demonstration zone, offering radiating industry benefits to other cities in the PRD region.

- **National (Foshan) Military-civil Integrated Innovative Demonstration Zone**
  - Located at Dingyang Town of Shunde District, the Demonstration Zone covering an area about 95 km² aims to develop cutting-edge technologies in smart device manufacturing, wearable device manufacturing and bio-intelligent manufacturing, becoming an industrialization center for global smart technologies and a hub of IoT supply chain. It is ready to cluster military-civil integrated industries as well as global emerging strategic industries, and play a main part in China’s new economy, with its influences radiating to the GDHKMC Bay Area.

To further implement the military-civil integrated development strategy, Foshan has proactively promoted platform building for military-civil integrated industries in Nanhai, Sanshi and Chancheng Districts, contributing to the rapid and sound development of these industries.

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Propelled by the innovation-driven development strategy, Foshan has continued its efforts to build platforms for R&D and innovation, and start-up incubation, with a view to strengthening the clustering of innovative elements and the transformation of technology into productivity. Meanwhile, Foshan has been vigorously developing a market-oriented technological innovation system featuring businesses as the main driving force and close industry-university-research partnership, as an endeavor to build itself into an international center for manufacturing innovation.

**Remarkable Strength in R&D and Innovation**

In recent years, Foshan has been actively facilitating the expansion and quality improvement of high-tech enterprises, which are rising as the innovative growth pole of the city. In 2017, the number of national-level high-tech enterprises in the city increased by 1,159 to 2,547 in total, leading to enhanced clustering development. Driven by the leading enterprises, Foshan has won a number of awards for R&D and Innovation. In 2017, Foshan won 14 provincial science and technology awards and 49 China Patent Awards, the total number of which made a record high, ranking the 3rd in Guangdong Province.

In addition, Foshan leaps into the front ranks of Guangdong Province in terms of the number of invention patents. In 2017, the total number of applications for patent was 73,948, rising by 14.13% over the previous year, among which the applications for invention patent totaled 25,899 and the patents granted reached 36,767.

**Proven Clustering Effects of Innovative Platforms**

Foshan has continued its efforts to push ahead with the development of innovative platforms. In 2017, the number of provincial-level engineering centers in Foshan increased by 233 to 828, ranking the 2nd in Guangdong Province; the number of provincial-level key laboratories of enterprises increased by 4 to 21, about 450.7% of the industrial enterprises with an annual revenue of RMB 20 million or more have set up R&D institutes, while the percentage is 100% for the industrial enterprises with an annual prime operating revenue of over RMB 0.5 billion.

A well-developed and sound incubator system enables innovation and entrepreneurship. As of the end of 2017, Foshan has hosted business incubators, with 13 at the state level and 30 at the provincial level, contributing to the incubation of more than 100 high-tech start-ups.

**A Record High on Fiscal Input in Technological Innovation**

Over the past few years, Foshan has steadily increased its fiscal input in technological innovation, and optimized the fund structure and financial support forms, such as R&D subsidies and innovation vouchers, aiming to lead and encourage the wide participation of people from all walks of life and more investment in the innovative activities across all sectors.

In 2017, Foshan’s total fiscal input in innovation grew year on year by 34.96% to register a record high of about RMB 4.73 billion. The whole city’s R&D expenditure in 2017 amounted to RMB 24.7 billion, contributing 2.9% to its total GDP, up by 0.18% over 2016, maintaining a year-on-year growth momentum.

**Innovation and Start-up Environment (Continued)**

Foshan has established strategic partnerships with many leading universities and research institutions including Chinese Academy of Sciences, Chinese Academy of Engineering, Tsinghua University, Zhejiang University and German Fraunhofer Society. In a bid to facilitate cooperation and communication among businesses, universities, and research institutions, Foshan has made great efforts to build platforms that focus on technology innovation and commercialize the local technological breakthroughs, and set up industry parks, along with observation tours and other diversified measures. As a result, the city has pooled top-notch talents and cutting-edge R&D achievements to co-build a technological innovation highland.

**Case Study**

Based on “An Institute, A Technology Park and A Fund”, the industry-university-research partnership between Foshan and Tsinghua University was formally forged in 2016 when the two parties signed a strategic cooperation agreement designed to promote coordinated innovation by the government, businesses, universities and research institutions. This deepened collaboration between one of China’s top universities and the city endowed for its manufacturing industry will ensure a bright future for smart manufacturing.

In the activity of “Visiting Tsinghua” in 2017, entrepreneurs in need of 65 technologies from 54 Foshan-based enterprises had in-depth talks with a group of experts and scholars from different schools and departments of Tsinghua University including Institute of Microelectronics, Department of Mechanical Engineering, and School of Materials Science and Engineering. The research breakthroughs achieved by the experts and scholars have been precisely aligned with the technological needs of the Foshan entrepreneurs, furthering the effective integration of the university’s innovation achievements and Foshan’s industry resources.

**Talent Cultivation for Innovation and Entrepreneurship**

Talent cultivation is essential to an innovation-driven city. Therefore, Foshan collaborated with Southern Medical University and Guangdong University of Finance & Economics in building their Foshan campuses covering both full-time undergraduate and postgraduate courses. It also joined forces with Beijing Foreign Studies University and University of Science and Technology Beijing in setting up graduate schools, with two National Demonstration Bases for Joint Training of Postgraduates established. Moreover, the city is stepping up to develop high-level science universities based on Foshan University and cultivate more talented professionals for local technological innovation.

In 2017, municipally recognized innovation teams increased by 19 to 76 in aggregate, providing a sufficient supply of talents for the city’s innovation and entrepreneurship. In the meantime, Foshan held 23 competitions on innovation and entrepreneurship of different levels, including the Sixth China Innovation & Entrepreneurship Competition (Foshan Division), the Fifth “Zhuhai Angel Cup” Innovation & Entrepreneurship Competition, and Foshan Bank Innovation & Entrepreneurship Competition. The competitions attracted about 800 participant teams and over 600,000 online and offline audiences, creating an innovatively vibrant atmosphere in the city.

**Research Report on the Investment Environment of Foshan City, Guangdong Province**

Chapter III Infrastructure

Expressways
An interconnected expressway network across Foshan has taken shape, consisting of two ring expressways, four expressways running from north to south and five from east to west with a total length of 486.7 km constructed by the end of 2017. The convenient and efficient expressway system has enabled Foshan to be connected with Guangzhou in a multidimensional road transportation network and through a jointly built intermodal transportation corridor, further strengthening the role of Foshan as a critical hub in the west of the PRD Greater Bay Area.

Rail Transportation
Foshan is served by rail transportation hubs including Foshan West Railway Station, Foshan Railway Station and Sanshui South Railway Station, and is traversed by Guangzhou-Zhuhai Railway, Guangzhou-Maoming Railway and other railway lines.

As the railway which enables access to Nansha Port has been put into operation along with the construction of the freight stations in Guangyao Town and Danzao Town, and the Guangzhou-Maoming Railway line ceased freight transport services, Foshan has been well connected to the neighboring ports like the Nansha Port in Guangzhou and the Gaoqian Port in Zhuhai thanks to the enhanced development of the road-rail and sea-rail intermodal transports.

Foshan has planned to construct national rail transportation hubs jointly with Guangzhou which serve China’s hinterland and the ASEAN Economic Development Zone. By 2020, it will take only three hours from Foshan West Railway Station to Changsha or Guilin, four hours to Guiyang, Wuhan or Xiamen, and ten hours to Shanghai, Beijing or Xian.

High-speed Railways
The GZHMMIC Bay Area has been covered by a well-developed high-speed railway network with Guangzhou as a hub at the center. The operating Beijing-Guangzhou, Gurranghao-Guangzhou, Nanning-Guangzhou and Xiamen-Shenzhen High-speed Railways have connected the Bay Area with the rest of China. The high-speed railway network will be further developed as the railway lines under planning or construction are put into operation including the Guangzhou-Shenzhen-Shenzhen-Maoming and Guangzhou-Shantou High-speed Railway lines, as well as the Guangzhou-Shenzhen-Hong Kong Express Rail Link. It will be further developed into an intermodal transportation system integrating rail transportation, intercity train lines, metro lines, tram and other means of passenger transportation.

Guangzhou-Foshan Metro Line
The Guangzhou-Foshan Metro Line operates 22 stations along the route at a total length of 58.5 km, further promoting the integration of Guangzhou and Foshan.

Foshan West Railway Station
Foshan West Railway Station, the largest high-speed railway station in China with entrances and exits below the level of the tracks, serves the Guangzhou-Foshan Metropolitan Circle and the whole PRD region as an important passenger transport hub. It will be further developed into an intermodal transportation system integrating rail transportation, intercity train lines, metro lines, tram and other means of passenger transportation.

Source: 1. Foshan City Transportation Bureau; 2. Foshan Investment Promotion Agency; 3. The 15th Five-Year Plan of Foshan City
**Transportation Network (Continued)**

### Air Transportation

**Pearl River Delta New Line Airport (under Planning)**
- Located in Gaoming District, Foshan City, Pearl River Delta New Line Airport, an important feeder airport of the nine major airports to be built by Guangdong, is one of the barrenlands of the world-class airport cluster in the PRD region. Mainly serving the mid-western PRD region and surrounding areas, the airport contributes to form an international aviation hub cluster jointly with Guangzhou Baiyun International Airport, driving Foshan shifting from a node city into a regional hub city.
- Foshan has already launched the preliminary work so as to start the first-phase construction of the Pearl River Delta New Line Airport by the end of 2018. Planning to build an airport economic zone, Foshan aims to develop the airport into an aviation hub in western GDIHKMC Bay Area.

### Sharing Conveniently Accessible Air Transportation of Surrounding Cities
- Enjoying the premium geographical advantage at the center of the GDIHKMC Bay Area, Foshan shares convenient airport resources with Guangzhou and Shenzhen. It takes less than one hour driving from downtown Foshan to Guangzhou Baiyun International Airport and Shenzhen Baoan International Airport, benefiting Foshan with convenient domestic and international air transportation.

### Ports
- Water transportation is an important component of Foshan’s comprehensive transportation system. With 13 container terminals, Foshan enjoys convenient container water transportation, providing daily shuttle barge routes to major coastal hubs including Guangzhou, Shenzhen, and Hong Kong.
- Foshan has 78 navigable rivers with a total navigable length of about 1,084 km, which accounts for 10% of that of Guangdong Province and 1.1% nationally. The watercourses flowing past Foshan connect Yunnan Province, Guizhou Province, and Guangxi Autonomous Region to Guangzhou, Shenzhen, and other coastal areas, as well as Hong Kong and Macau, among which the Xiang Trunk line is navigable for 5,000-DWT vessels, providing direct access to the Pearl River and the South China Sea.

### Location of Airports in Foshan and Surrounding Cities

<table>
<thead>
<tr>
<th>Airport</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guangzhou Baiyun Airport</td>
<td>Guangzhou</td>
</tr>
<tr>
<td>Foshan</td>
<td>Shenzhen, Shenzhen Bai'an Airport, Shenzhen</td>
</tr>
</tbody>
</table>

### Land Supply
- Following the strategy of implementing Three-Old Transformation, Foshan has been focusing on transforming village-level industrial parks to discover and unleash the potential of land resources, as part of its efforts to maximize the efficiency of land supply. Meanwhile, “emptying the cage for new birds,” a strategy for upgrading industries, is carried out for intensive and efficient use of land and increased efficiency of land supply. Foshan has made enormous efforts to shift from increasing land supply to optimizing the use of existing land resources with a focus on improving the quality of land use, thus securing sustainable socioeconomic development of Foshan.

### Public Infrastructure

#### Energy Supply

- **Water Supply**
  - With 32 water plants in urban and rural areas, including 4 to be expanded, Foshan provides all citizens with access to clean water, and is focusing on developing itself into a national water saving city. Nonresidential water is rated at RMB 2.19-2.60/m³.
- **Electricity Supply**
  - Foshan will develop grid-connected PV power systems by the power distribution side, build new 500 kV and 220 kV substations, and increase the capacity of existing substations.
- **Gas Supply**
  - Ring shaped networks of high pressure gas pipeline will be built across Foshan to ensure gas supply from diversified sources. The high pressure gas pipelines of Foshan will be connected with those of other cities including Guangzhou, Zhongshan, and Jiameng as part of the sweeping efforts to build interconnected high pressure gas pipeline networks. By 2030, 100% of its urban areas will have access to fuel gas, 45% of which will be delivered through gas pipelines.

#### Table 6: Electric Rates of Foshan (RMB/kWh)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Large-scale Industries</th>
<th>General Business Sectors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.61~1.00 (1-10kV)</td>
<td>0.83~1.36 (&lt; 1kV)</td>
</tr>
<tr>
<td></td>
<td>0.61~1.00 (20kV)</td>
<td>0.80~1.30 (1-10kV)</td>
</tr>
<tr>
<td></td>
<td>0.56~0.92 (35-110kV)</td>
<td>0.78~1.28 (≥35kV)</td>
</tr>
</tbody>
</table>

#### Information and Communications

Foshan has been steadily developing information infrastructure and has made remarkable achievements in building mobile networks. As a result of its constant efforts to install shared communication conduits, more than 80% of the households in this city have access to fiber optic internet. The quality of free WLAN at public places has been improved, contributing to a healthy and harmonious internet environment. 4G networks provided by the three telecommunications giants in China and free WiFi hotspots are now available on all Guangzhou-Foshan metro trains. Leveraging the technological advantages enabled by the “Internet Plus” strategy, Foshan is speeding up its efforts to build itself into an information based smart city.

Note: 1. Three-Old Transformation, a unique reconstruction strategy implemented in Guangdong Province, focuses on the transformation of old towns, factories and villages.

Human Resources

Chapter IV

Human Resources

In recent years, following the strategy of building an increasingly competitive Foshan by pooling more talents, the city has focused on creating more support platforms and a favorable development environment to attract professionals with expertise in R&D, innovation and management, guaranteeing talent supply for building itself into a national-level manufacturing innovation center.

1. High-level Professionals Resources

High-level Professionals
- As of the end of 2017, the professional talent pool of Foshan has expanded to about 1.44 million people, a large number of which are high-level professionals, including 223 engaged in innovation and entrepreneurship, and 223 professionals with municipal-level recognition, who have brought a variety of high-end technological achievements and pioneering technology-based projects to the city.

2. Highly-educated Professional Resources

Higher Education Resources
- Foshan boasts 59 post-doctoral workstations, ranking first among prefecture-level cities in China, and 17 CAS/CAE academician workstations specializing in new materials, advanced manufacturing, new energy, and energy conservation and environmental protection, which have risen as a major driver for the enhancement of technological innovation capability of local corporations.

Table 7: Part of the Shared Higher Education Resources between Guangzhou and Foshan

| Sun Yat-sen University | Foshan University |
| Southern Medical University | South China University of Technology |
| South China Normal University | Jinan University |
| Guangdong University of Finance & Economics | South China Agricultural University |

Cultivating Talents
- Foshan boasts 59 post-doctoral workstations, ranking first among prefecture-level cities in China, and 17 CAS/CAE academician workstations specializing in new materials, advanced manufacturing, new energy, and energy conservation and environmental protection, which have risen as a major driver for the enhancement of technological innovation capability of local corporations.

3. Recruiting Overseas Talents

Foshan has attracted overseas academicians, experts and medalists of the WorldSkills Competition through vigorous efforts including building up international talent-attracting cooperation platforms like global liaison offices, attending the Conference on International Exchange of Professionals, and hosting matchmaking meetings for international high-level talents and projects. In recent five years, Foshan has recruited about 5,000 overseas professionals, 1,000 of which were employed in 2017, gaining significant momentum for upgrading and transformation of industries and talent structure of the city.

Exemplary Case

One of the high-level universities for science and technology in Guangdong Province and one of the pilot schools of the “100 Universities Project” initiated by the Ministry of Education of China to build a collaborative big data platform, Foshan University currently boasts 5 provincial-level engineering research centers including the Guangdong Engineering Research Center for Smart Manufacturing Equipment, 1 provincial-level key laboratory, 3 engineering R&D centers of the Department of Education of Guangdong Province, 6 municipal-level engineering R&D centers and 17 municipal-level technology innovation platforms.
Human Resources (Continued)

Vocational Talent Resources

Vocational Talent Pool
- By the end of 2017, Foshan had a rich pool of vocational talents consisting of 729,000 skilled personnel, including 184,000 highly skilled professionals and 24,000 with senior professional titles.

Vocational Education
- Foshan has been committed to modern vocational education by supporting the development of technical and vocational training schools. As of 2017, Foshan had nine technical schools with a current enrolment of 13,700 students and a graduate employment rate of over 98%. About 25 companies and associations have established vocational training schools, six of which have set up provincial-level workstations for technicians specialized in ten occupations. In 2017, Foshan offered 37,998 people vocational trainings, playing a leading role in China.

Human Resource Costs

Figures released by Foshan Human Resources and Social Security Bureau in June 2017 show that employees’ average monthly salary in 2016 was RMB 5,599. Currently, Foshan-based companies assume 18.2% of the social insurances and a minimum 5% of the Housing Provident Fund for their employees. As demonstrated by the table below, Foshan is highly competitive compared with China’s major cities regarding human resource costs, supporting the long-term operation and development of the local companies.

<table>
<thead>
<tr>
<th></th>
<th>Foshan</th>
<th>Guangzhou</th>
<th>Shenzhen</th>
<th>Beijing</th>
<th>Shanghai</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees’ average monthly salary (in RMB)</td>
<td>5,599</td>
<td>7,425</td>
<td>7,480</td>
<td>7,706</td>
<td>6,504</td>
</tr>
<tr>
<td>Percentage of the five social insurances and the Housing Provident Fund paid by companies</td>
<td>28%</td>
<td>27%</td>
<td>27%</td>
<td>36%</td>
<td>36%</td>
</tr>
</tbody>
</table>

Table 8 Comparison of human resource costs between Foshan and China’s top cities

Foshan Human Resources Service Industry Park is the first one of its kind established in Guangdong Province. It gathers a cluster of emerging human resources service providers in recruitment, consultation, training, outsourcing, labor dispatching and other talent services, providing efficient, professional and intensive HR services to both employers and employees. The Park now houses an array of leading HR service providers including zhaopin.com, LeaderHR, Randstad and Manpower, creating a talent service powerhouse to serve even the whole GDHKMC Bay Area through market-driven and government-guided development.

Source: 1. Foshan Economic Statistics 2. The Yearbook of Foshan 2016; 3. Information provided or released by Foshan Human Resources and Social Security Bureau
Foshan is a city of great importance to the GDHKMC Bay Area. In the ongoing Guangzhou-Foshan integration process, the arrangement of educational and healthcare resources has been constantly improved to ensure a mutually beneficial sharing of high-quality resources, and to create a more coordinated public services system.

### Education and Healthcare

A well-balanced and comprehensive education system

- As the first “model city for promoting modernized education in Guangdong Province”, Foshan has developed a comprehensive, multi-layered system for providing high-quality modernized education for all.

Table 9: Number of Educational Institutions in Foshan (2017)

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kindergartens</td>
<td>914</td>
</tr>
<tr>
<td>Primary schools</td>
<td>409</td>
</tr>
<tr>
<td>Middle schools</td>
<td>142</td>
</tr>
<tr>
<td>High schools</td>
<td>58</td>
</tr>
<tr>
<td>Institutions of higher education</td>
<td>13</td>
</tr>
<tr>
<td>Secondary vocational schools</td>
<td>47</td>
</tr>
<tr>
<td>Special schools</td>
<td>7</td>
</tr>
</tbody>
</table>

- In 2017, Foshan EtonHouse International School (FEIS), the first school for overseas students in the city, was set up. With its distinctive international education programs, FEIS has a growing presence in cities around the Pearl River Delta.
- For the next five years, Foshan plans to promote innovation- and creativity-focused education, from aspects of faculty resources, course structure, activities, environment, R&D programs, supportive platforms, and evaluation. The aim is to develop a unique and scalable Foshan model of maker-oriented education, supported by a comprehensive system for cultivating high-caliber professionals with innovation expertise.

Adequate healthcare resources

- Foshan is rich in healthcare resources. It is home to 42 general hospitals at Level II or above – including the First People’s Hospital of Foshan, Second People’s Hospital of Foshan, and Foshan Municipal Hospital of Traditional Chinese Medicine - and 15 specialized hospitals at Level II or above – such as Foshan Maternal & Children’s Hospital, Foshan Stomatology Hospital and the Third People’s Hospital of Foshan.
- As envisioned in the 13th Five-Year Plan for Deepening the Medical and Health System Reform in Foshan, published by the municipal government aimed to develop a health service system that suits local economic and social development needs, by 2020, Foshan will become a leading city in China in terms of comprehensive healthcare services.

100% coverage of hierarchical diagnosis and treatment information management

- Over 98% enrolments for the basic healthcare insurance
- Zero price markups in medicine and medical supplies

Improvements in the critical illness insurance program

Table 10: Number of healthcare institutions in Foshan (2017)

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public hospitals</td>
<td>50</td>
</tr>
<tr>
<td>Private hospitals</td>
<td>60</td>
</tr>
<tr>
<td>Primary healthcare institutions</td>
<td>1549</td>
</tr>
<tr>
<td>Specialized public healthcare institutions</td>
<td>48</td>
</tr>
<tr>
<td>Others</td>
<td>8</td>
</tr>
</tbody>
</table>


### Urban Living

As a modern international city with distinctive Lingnan cultural identities, Foshan is where natural beauty meets the comfort of urban living. Its urban appeal is further enhanced by the sophisticated public infrastructure, and a diverse calendar of recreational activities. The high-quality living environment has attracted people from all over the country to live and work in the city, and to indulge in its unique charm.

#### Urban amenities

The city operates an extensive array of cultural, sports and leisure facilities, such as public libraries, science and technology museums, cultural centers (stations), museums, stadiums, golf courses, theatres, and cinemas, enabling the local residents to ensure a high quality of life.

#### Business facilities

Foshan boasts a good many internationally renowned chain hotels, including Intercontinental, Crowne Plaza and Sheraton, along with high-end residential properties developed by Country Garden, Vanke and Sunac China – all favorably located in comfortable surroundings. It is home to a network of urban complexes, such as Lingnan Xintiandi, Vanke Mall, Shunlian Square, and Florentia Village, offering the convenience of daily shopping and entertainment. In addition, the multifunctional Foshan International Conference & Exhibition Center and Guangdong (Tanzhou) International Convention and Exhibition Center ideally serve the purposes of exhibition, convention and performance.

#### Cultural activities

Foshan offers a diversity of cultural activities, such as Guangdong (Foshan) Creative City Expo, Hong Kong Foshan Festival, Foshan Kung Fu (Action) Film Festival, and the world-renowned Nickelodeon-themed project, a central feature of the Foshan Cultural and Ecological Coastal Park. An increasing number of cultural events add to the city’s vibrant cultural scene, such as the National Academy of Fine Arts of Masters of Chinese Calligraphy in Celebration of the 160th Birth Anniversary of Kang Youwei, the concert series of “Music in Foshan – Musical Charm of Qin Celebrating the Beauty of Four Seasons”, and the 27th Golden Rooster and Hundred Flowers Film Festival. Modern arts merge and collide with the traditional Lingnan culture, representing the city’s unique cultural richness.

#### Sports events

Every year, a variety of major sporting events are held in the Century Lotus Stadium, Lingnan Pearl Stadium and Foshan International Sports and Cultural Performing Arts Center, including the Beijing Olympic Diving Trials, the 10th FINA World Junior Synchronised Swimming Championships, the 2016 Foshan FE Womans Sabre World Cup, the 13th National Games of China Badminton Qualifiers, and FIBA Basketball World Cup 2019 Asian Qualifiers. These domestically and internationally recognized sporting events have not only improved the visibility of Foshan, but also cultivated a sporting culture in this dynamic city.

Sources: 1. Foshan Master Plan (2011-2010); 2. The official website of Foshan Municipal Government.
Cultural Landscapes

Crisscrossed by rivers and lakes, Foshan is abundantly rich in water and lush greenery. A blend of ecological beauty and fascinating history, the city features a great many cultural attractions and former residences of celebrities with domestic and international fame. The distinctive cultural landscapes combine to nurture the charming Lingnan culture, one of the most unique and vibrant regional cultures in China.

Eight Top Attractions in Foshan

1. The Xiqiao Mountain is a national 5A-level tourist attraction, known as one of the two most iconic mountains in southern Guangdong for its varied and stunning scenery. Boasting 72 distinctive peaks and 42 deep caves, it is dotted with lakes, waterfalls, springs, brooks, rocks, cliffs, ponds, and pavilions. Cultural attractions abound in the Xiqiao Mountain National Geological Park, including the quarry ruins dating back to the Ming dynasty (1368–1644) and the Stone Age ruins. The unique culture of the Xiqiao Mountains, which values diversity, inclusion, openness, and innovation, represents the essence of Lingnan culture.

2. Favorably located on the border between Guangzhou and Foshan, the Nanhai Film & TV Town is one of the four CCTV Film & TV Production Bases. Its architectural complexes bring different historical periods back to life, including the Taiping Heavenly Kingdom City, Jiangnan Watertown, and Old Hong Kong & Macau Streets. Featuring a delicate blend of Chinese and Western elements, they offer perfect backdrops for outdoor scenes of dramas and movies, and for major cultural events. The Town features a beautiful southern landscape with clear waters and green mountains, making it an ideal destination for recreational tourism.

3. Known as “a palace of oriental folk arts”, the Ancestral Temple of Foshan is a folk art museum housing collections of ancient ceramics, wood carvings, castings, and architectural artworks. A national cultural heritage site of China, it consists of the Ancestral Temple architectural complex, Confucian Temple, Huang Feihong Memorial Hall and Ye Wen Hall. Every year, performances and exhibitions are held on a regular basis, such as the First Writing Ceremony for Children held in the Confucian Temple, the Huang Fei-hong Lion Dancing, and Cantonese Opera performances. The museum captivates both Chinese and overseas tourists with its vast collections of spectacular artworks that represent the best of the local Lingnan culture.

Guided by the development concept of innovative upgrading and transformation, Foshan is promoting all-round institutional innovation to support industry development, technological innovation, human resource services and financial services. Targeted government policies have been issued to boost emerging industries and modern service industries, and facilitate advantageous traditional industries in moving up the value chain, so as to strengthen the generators of the city’s economic growth.

### Policies in Support of Industry Development

**To Support Business Expansion and Growth**

Financial support programs have been rolled out to help Foshan-based businesses continuously improve their competitiveness. These programs cover a variety of areas including office subsidies, tax cuts, and prize money. While proactively nurturing strategic emerging industries, Foshan has made efforts to optimize and transform traditional industries. To this end, earmarked funding programs are launched to promote traditional industries to transform and upgrade their technologies, with wide applications of robots and smart equipment. For instance, to enable a better layout of dedicated land use plans, civil-military integration, biopharmaceuticals and airport economy. For those especially those in strategic emerging industries such as electronic information, civil-military integration, biopharmaceuticals and airport economy, Foshan has made efforts to avoid trade frictions, and other relevant projects.

**To Reduce Business Operating Costs**

“Ten Measures in Foshan” have been put in place to reduce a full range of business costs for optimized efficiency, including costs in tax payment, land use, social security, utility services, transportation, financing, procurement and operations, and institutional costs. These policy measures are designed to inject more vitality to the real economy sector and develop Foshan into one of China’s most attractive low-cost areas for the manufacturing industry.

**To Encourage International Market Expansion**

To help businesses enter overseas markets, efforts have been made to streamline and upgrade administrative services and create cooperation platforms. For example, a RMB 100 million earmarked funding program has been designed to facilitate the establishment of new institutions for an open economy, providing financial aid for offshore trade projects, overseas parks for international industrial cooperation, international cooperation platforms, efforts to avoid trade frictions, and other relevant projects.

**To Attract Investments and New Projects**

With a view to creating a more attractive investment environment and encouraging the settlement of new businesses and projects, targeted favorable policies have been released to attract and support new projects, especially those in strategic emerging industries such as electronic information, civil-military integration, biopharmaceuticals and airport economy. For example, a civil-military integration project may receive a settlement subsidy of up to RMB 1 million. For critical sectors and significant projects, special supports will be provided in terms of capital, land, energy and other factors. Take the land use as an example. A dedicated land use plan may be developed after taking into account the layout, scale and time arrangement.

### Policies in Support of Technological Innovation

**Government Grants for Technology Projects**

Foshan city government has released targeted policies to encourage increased investment in science and technology, including measures to reward scientific and technological achievements, and city-level measures to fund sci-tech innovation teams, major projects, innovation platforms and patents. These grants will also help create a diversified multi-channel investment system, comprehensively improving the city’s environment for scientific and technological innovation.

**To Promote Incubation of Technology Companies**

A number of incentives have been put in place to boost tech incubators and create a favorable environment for mass entrepreneurship and innovation, including subsidies for incubators’ expanded space and supporting facilities, compensations for incubation investment and credit loans, and rewards for exceptional operation performance. For instance, a recognized state-level tech incubator will be granted RMB 1 million.

**To Boost Technological Innovation with “Innovation Vouchers”**

Intensive efforts have been made to develop Foshan into a National Intellectual Property (IP) Demonstration City. To this end, a state-level IP protection center was established as the first of its kind in Guangdong Province, and the city’s IP right defense assistance system and judicial protection system improved. Meanwhile, a well-functioning IP service ecosystem has been created thanks to the patent financing policy, innovation voucher program and dedicated grants for patent financing, patent protection and model entities in IP.

**To Protect Intellectual Properties**

While proactively nurturing strategic emerging industries, Foshan has made efforts to optimize and transform traditional industries. To this end, earmarked funding programs are launched to promote traditional industries to transform and upgrade their technologies, with wide applications of robots and smart equipment. For example, to enable a better layout of dedicated land use plans, civil-military integration, biopharmaceuticals and airport economy. For those especially those in strategic emerging industries such as electronic information, civil-military integration, biopharmaceuticals and airport economy, Foshan has made efforts to avoid trade frictions, and other relevant projects.

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Source: Foshan Investment Promotion Agency
Diverse Policies for Building a Highland of Talent Development

- **Increased Subsidies for Talent Team-building**: Newly recruited municipal level technological innovation teams. Subsidies: RMB 2-20 million. An incentive package for each team may involve 50% of the potential financial support.
- **Doctorate Holders and Postdoctoral Fellows**: Newly recruited post-doctoral fellows. Housing allowance: RMB 300,000. Research subsidies: RMB 300,000.
- **Holders of Senior-level Professional Titles**: Newly recruited senior-level or associate senior-level professional titles. Housing allowance: RMB 300,000-2,000,000.
- **Mid-Ev-\[\textit{level} Professionals**: Newly recruited holders of mid-level professional titles, senior technicians, and masters or bachelor degree holders. Housing rental allowance: RMB 8,000 / 6,000.

### Financial Policies

- **Highly Attractive Incentive Policies for the Financial Industry**
  - Foshan has launched a series of targeted incentive policies for financial institutions, including provision of subsidies for business registration in Foshan, capital increase to expand business operation, use of office space, and recruitment of management and financial professionals. These policies aim to promote the clustering of key financial industry elements, to further increase the value added of this industry in Foshan.
  - Meanwhile, Foshan is encouraging and supporting large local companies to establish urban commercial banks, private banks, and financial companies to promote creation of a diversified and full-fledged financial ecosystem.
- **Fiscal Support for Small and Medium-sized Enterprise (SME) Financing**
  - The Foshan municipal government has made proactive efforts to provide government-guided fiscal support under a newly expanded fiscal support management system. It has established a dedicated fund to provide an easier and more affordable way for business financing, along with a variety of targeted fiscal support funding programs to serve the needs of SMEs.

Innovative and Highly Efficient Government Services

As part of its efforts to promote the “One Stop & One Network” reform of government services, the Foshan municipal government has in recent years developed a series of mechanisms to streamline its administration, delegate more power to lower-level governments with a strengthened regulation system, and provide better public services. All these mechanisms aim to enhance the city’s attractiveness to investors, capability of pooling resources, and regional competitiveness, thus building an international and market-oriented business highland with a facilitating environment.

Foshan’s “Internet + Government Services” project is officially listed under China’s National-sponsored “Internet + Government Services” Demonstrative Program.

- The Administrative Service Center of Foshan Municipal Government was awarded “Prize for Outstanding Contribution of Chinese Government Services” at the 2nd National Government Services Exposition.
- Foshan’s “One Stop & One Network” administrative reform project was once again selected as one of “China’s Top 50 Internet + Governance Projects” in 2017.
- Foshan is listed No.1 provincially in terms of citizen satisfaction with public services in the Research Report on Development of Service-Oriented Local Governments in Guangdong Province.

As part of the efforts to simplify service procedures, 1,182 administrative service items, which used to be separately accepted and processed, are streamlined under six categories of general services to be accepted at the same service window, followed by a uniformed internal review and approval process across different administrative departments. As of the end of 2017, a total of 1,381 general service windows have been set up at the municipal, district and township (community) levels across the city to substantially handle “all cases under the general service categories”.

By standardizing 102 universal tags, including the naming of service items to be processed, application documents to be submitted, and the approval procedures involved with the application of an electronically managed process system, the city has unified its management of 1,833 service items to be processed by 55 administrative departments, enabling standardized administrative approval services across departments, districts and industries.

In order to better serve the needs of applicants, Foshan has put in place an interdepartmental joint review and approval mechanism, which replaces the previously different forms issued by various departments with one universal form and facilitates data and information sharing across different departments to aim at eliminating the repetitive work of submitting application documents to each relevant department. Under this mechanism, applications are accepted at the same general service window to be reviewed and approved under a joint process by all involved departments based on shared information within a set time limit.

Foshan has provided direct access to as many as 546 administrative service items at any service location across the city, a number of which can be processed in Guangzhou. Furthermore, the city’s administrative service system has been greatly expanded through various online platforms including the online service center, self-service terminals, mobile service Apps and 12345 hotline, bringing into shape an integrated multichannel services model of online and offline services, and enabling seamless connection between the government services and citizens. Currently, 84% of the administrative services can be completely processed online.

Foshan has made intensive efforts to bring advanced information technologies, such as the Internet and big data, into its undertaking of building an “Internet + Government Services” system that features optimized and streamlined administration under standardized regulation, seamless sharing of government information, and convenient and efficient interaction between the government and citizens, thus pushing forward the constant enhancement of the city’s government services in both quality and efficiency.

As part of the “One Stop & One Network” government service reform in Foshan, the Foshan municipal government has rolled out a program in which government officials are sent out to visit local companies, getting first-hand feedback through direct communication, and helping companies sort out problems facing their development. In 2017, the program covered a total of 11,000 companies, and over 90% of the issues raised by companies were followed up by relevant departments within the same day of visit.

Based on the analysis of the investment environment of the City of Foshan, this report summarizes the four most attractive advantages for investment in Foshan as follows:

### Summary and Vision

#### Premium Location with Emerging Opportunities
Foshan boasts a premium location at the heart of the PRD region, which has brought emerging opportunities to the city. Facilitated by a diversified network of transportation, Foshan has been closely connected with well-developed cities and regions like Guangzhou, Shenzhen, Zhuhai, Hong Kong, and Macao, and deeply integrated into the central part of the GDHKMC Bay Area. Under the Guangzhou-Foshan integration plan, Foshan and Guangzhou have aligned with one another in many areas including industry platform, human resources and commute network. In the years to come, the two cities will carry on their efforts to share critical industry resources such as innovative technologies to promote their integrated development strategy of “Guangzhou R&D + Foshan Manufacturing”. With concerted efforts, Foshan will continue to closely cooperate with Guangzhou contributing to the building of a key zone in the world-class PRD city group, and a vital hub in cooperative development of the GDHKMC region.

#### A Talent Development Highland Driven by Innovation and Entrepreneurship
Facilitated by the “First Ring Innovative Circle”, Foshan has been stepping up its efforts to develop enabling platforms for technological innovation and entrepreneurship, pooling resources for innovation and encouraging commercialization of scientific and technological achievements. The move aims to develop a market-oriented technology innovation ecosystem featuring deep company-university-research institute integration with enterprises as the main force, thus making Foshan an international hub for industry innovation.

Fully aware of the importance of talent as the source of innovation, Foshan is committed to providing an optimal environment for talent development driven by innovation and entrepreneurship. In order to bring out the potential of talents, the city has taken a series of measures including promoting a whole package of talent policies, establishing the “Foshan Talent Benefit Card” system, as well as launching training programs on innovation and entrepreneurship.

#### Service-Oriented Government Facilitating Company Development
Foshan is committed to developing a service-oriented government, providing practical and highly efficient administrative services for local companies. In a bid to create an enabling environment for business operation and growth, Foshan has been making efforts to serve the needs, relieve the burdens, and reduce the costs of local companies, as best exemplified by the “One Stop & One Network” administrative service reform which features comprehensive services, joint approval and full access within the city. Regarded as a “bright pearl” on the west bank of the Pearl River, Foshan has made substantial progress in terms of government services as well as industry upgrading and innovation. During the 13th Five-Year Plan period, Foshan will further optimize its business environment. While carrying on the rich heritage of Lingnan Culture, Foshan strives to become a gateway for opening up, a test field for mechanism reforms, and an ideal place for innovation and entrepreneurship, as well as for living and working.

#### Industry Transformation and Upgrading Driven by High Technology
In the new era of economic development, Foshan has been firmly committed to a distinctive “Smart Manufacturing + Internet” roadmap for industry transformation and upgrading, placing equally great importance on smart-manufacturing-based innovation of manufacturing production and innovation of industry-development based on “Internet +” approaches. The solid industry foundation and well-developed industry layout have made Foshan a top destination for investors and entrepreneurs from China and abroad. Foshan has attracted the settlement of many advanced industry programs represented by Toray, Changjiang Hydrogen-Powered Automotive and KUKA Robotics, facilitating the coordinated innovative development across the industries and injecting vigor into the industry transformation and upgrading. Meanwhile, the industry platforms like Foshan High-tech Industry Park, Guangdong High-tech Service Zone for Financial Institutions and Sino-German Industrial Service Zone have been rapidly developing with outstanding achievements delivered to offer strong support for the industry transformation and upgrading in the city and the regional economic development.
Appendix II: Contact Information of Main Government Agencies for Investment Services in Foshan, Guangdong Province

Foshan Municipal Bureau of Commerce Foshan Investment Promotion Agency
Address: 135 Middle Fenjiang Road, Chancheng District, Foshan City, Guangdong Province (zip code: 528000)
Tel.: 86-757-83036005 (English)
86-757-83035510 (Japanese)
Email: Foshancn@126.com
Website: www.fsboftec.gov.cn
www.fipa.fscom.gov.cn

Foshan Investment Promotion Agency
Address: 33F, Building 2, AIA Financial Agency, 1 East Denghu Road, Guisheng Sub-district, Nanhai District, Foshan City, Guangdong Province (zip code: 528000)
Tel.: 86-757-86360279
Email: FoshanFIPA@126.com

Chancheng District Investment Promotion Agency
Address: 2F, Administrative Service Agency, Smart City Building T8, 28 Jihua First Road, Chancheng District, Foshan City, Guangdong Province (zip code: 528300)
Tel.: 86-757-82340951
Email: ISC@chancheng.gov.cn

Nanhai District Economy and Technology Promotion Agency
Address: 3 South Tianyou Road, Guisheng Sub-district, Nanhai District, Foshan City, Guangdong Province (zip code: 528300)
Tel.: 86-757-86293812
Email: invest@investnanhai.gov.cn

Shunde District Investment Promotion Agency
Address: 2F, Administrative Building East, 3 Demin Road, Daliang Sub-district, Shunde District, Foshan City, Guangdong Province (zip code: 528333)
Tel.: 86-757-2283 2266
Email: investshunde@qz.com

Gaoming District Economy and Technology Promotion Agency
Address: 21 Panlong Street, Xinghe Road, Hecheng Sub-district, Gaoming District, Foshan City, Guangdong Province (zip code: 528500)
Tel.: 86-757-88822168 / 88881150
Email: gmjkcj@163.com

Sanshui District Economy and Technology Promotion Agency
Address: 37 Jiantai North Road, Xinan Sub-district, Sanshui District, Foshan City, Guangdong Province (zip code: 528100)
Tel.: 86-757-87768888 / 8778788
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Fax: + (853) 2871 3033
Companies interviewed (in random order)
Midea Group Co., Ltd.
Country Garden Holdings Co., Ltd.
Infore Environment Technology Group Co., Ltd.
ANDRITZ (China) Ltd.
Guangdong Yifang Pharmaceutical Co., Ltd.
Monalisa Group Co., Ltd.
Guangdong Esquel Textiles Co., Ltd.
Foshan Branch of FAW-Volkswagen Automotive Co., Ltd.
Guangdong High-tech Service Zone for Financial Institutions
Sino-German Industrial Service Zone

Photographs provided by:
Investment Service Center of Chancheng District, Foshan
Economy and Technology Promotion Bureau of Sanshui District, Foshan
Investment Promotion Agency of Foshan Hi-tech Zone
Administrative Committee of Foshan Sino-German Industrial Service Zone
Well-being Shunde Brochure 2014
Foshan EtonHouse International School
Midea Group
FAW-Volkswagen Automotive Co., Ltd.
Guangdong Yifang Pharmaceutical Co., Ltd.
Infore Environment Technology Group Co., Ltd.
Sino-German Industrial Service Zone