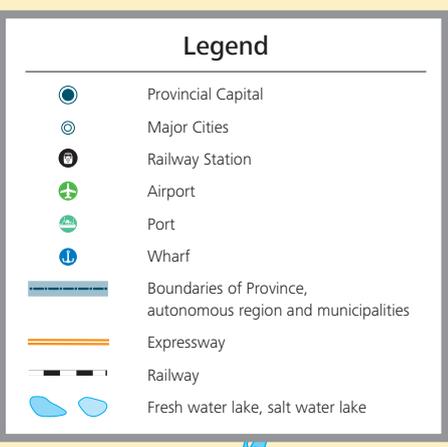
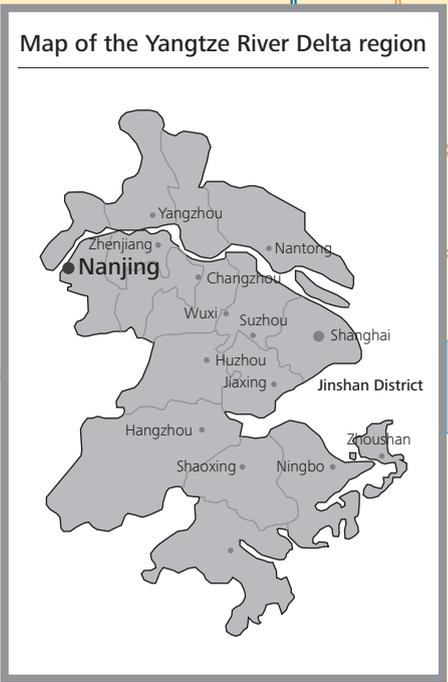


Research Report on the Investment Environment of Jianye District, Nanjing City, Jiangsu Province





Preface

Jianye District, which is located in Nanjing, Jiangsu Province, is a vibrant, growing city center, as well as one of Nanjing's leading emerging areas for the modern services industry. The district is connected to Shanghai and is fully integrated into the Yangtze River Delta economic zone. Its concentration of financial headquarters, exhibition and sports facilities, and thriving commercial and business environment make Jianye District a high-quality modern service area within Jiangsu Province, distinguished by its enormous growth potential and ample space for further development.

The Nanjing Jianye Development and Reform Bureau (NJDRB) has commissioned Shanghai Deloitte Tax Ltd. (hereinafter "Deloitte") to carry out an objective evaluation of the investment environment of Jianye District. The report is designed to provide potential investors with relevant information about the factors that may affect their investment decisions.

Deloitte conducted an independent analysis of Jianye District using qualitative and quantitative studies, field reviews and interviews with representatives of more than 100 enterprises established in the district. The report was prepared from an investor's perspective and focuses on the following aspects of the investment environment:

- Government polices and services
- Business environment
- Human resources
- Infrastructure

The report incorporates Deloitte's understanding of the Jianye District's development plan and investment policies with a view to highlighting the advantages offered by, and the prospects for, the region in a number of areas.

Establishment of "Five Major Centers"

Jianye District is using a scientific and sustainable approach to regional development and to attracting high-value added enterprises, specifically enterprises in the modern services industry. To this end, the district is promoting the use of technology to further improve and optimize the existing industrial infrastructure.

Jianye District is the product of the efforts of Jiangsu Province and the Nanjing City government to create the following five major centers:

- "Financial Center for the Pan-Yangtze River Delta Region"
- "Yangtze River Delta Center for Innovation and Creativity"
- "Nanjing Metropolitan Business and Trade Center"
- "Yangtze River Delta Convention and Exposition Center"
- "Yangtze River Delta Culture and Sports Center"

The district aims to become a hub for economic and industrial development for Nanjing and extend its reach to the Yangtze River Delta. Relying on a strategically advantageous regional plan, preferential government policies and comprehensive services will help drive economic development and enhance the district's ability to attract investors across a range of industries.

Industrial Concentration and Scalable Development

The modern services industry and emerging industries are the primary drivers of Jianye District's economic growth. The modern services industry will lie at the core of the district's efforts to foster the expansion of the following sectors: financial services, high-end business and trade services, e-commerce, advertising, gaming and animation, mobile internet, as well as life science.

Jianye District already has attracted a range of industries to set up in the district and is committed to providing more facilities for long-term development in the region. This should enable Jianye District to consolidate its position as a venue for long-term investment by both domestic and foreign enterprises.

Five Major Functional Areas, Support Policies and Service Platforms

Jianye District regards the construction of functional areas as representing one of its core strengths. The district's focus on five functional areas — Hexi Central Business District, Jiangdong Commercial Center, New Town Science & Technology Park, Sino-Nanjing Eco Hi-Tech Island (supplemented by the planned construction of the Southern Hexi Functional Area) — has enabled it to attract a number of leading enterprises across a range of key sectors. The industrial concentration formed by these areas has been well planned and ample space has been provided to accommodate future development.

Jianye District's establishment of a number of platforms designed to stimulate and sustain industrial activity and to attract an influx of new enterprises has contributed to its progress towards becoming an important functional area for industrial development not only for Nanjing but also for the Yangtze River Delta and the country as a whole. Jianye District is home to a number of national-level bases for industrial concentration and scalable development and in that role has introduced specific support policies and a range of service platforms that offer a unique growth opportunity to any enterprises that set up in the area.

Comfortable Working and Living Environment

Nanjing, which is popularly known as the "Capital of Six Dynasties," has a rich cultural history. The addition of a new, modern infrastructure, Jianye District's first-rate ecological environment and a wealth of prestigious educational institutions have enabled the region to attract a large number of students, which in turn has provided local enterprises with an extensive pool of qualified professionals.

Jianye District is thus able to leverage the city's outstanding educational resources and labor market to meet the growing needs of the various enterprises drawn to the region by rapid economic development, increasingly sophisticated living facilities and rising level of internationalization.

The development of Jianye District is still in its initial stage, but the area's geographical advantages, sound regional planning and increasing policy support from municipal and district leaders mean that it has a promising future. Going forward, the modern services industry and strategic emerging industries are set to be the primary drivers of Jianye District's economic growth. The district's development as a modern urban center in Nanjing should make it increasingly competitive and influential within Nanjing and the Yangtze River Delta and should help to boost overall prosperity.



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1. Overview of the Investment Environment of Jianye District

1.1 Overview of Nanjing and Jianye District

Present-day Nanjing

Nanjing is the capital of Jiangsu Province in eastern China. It is the political, cultural and economic center of the province, as well as one of the major urban centers in the Yangtze River Delta for commerce, trade, finance, tourism and logistics.

- Nanjing has a total area of 6,598 km² and a population of about eight million;
- Nanjing is a national-level transportation hub, as well as one of the transportation hubs for the Shanghai-Nanjing-Hangzhou "one-hour economic zone" and the major cities in the surrounding areas. It also has become an important gateway city as part of the initiative to develop the middle and western regions of China;
- Nanjing successfully hosted the 2nd Asian Youth Games in August 2013;
- It will host the 2nd Summer Youth Olympic Games in August 2014.

Emerging Jianye District

Jianye District, Nanjing is located in the southwestern part of metropolitan Nanjing and is adjacent to the Yangtze River and the Qinhuai River. The district is the result of Nanjing's efforts to establish a new modern international city center.

- Jianye District occupies an area of 80.8 km² and has a population of approximately 450,000;
- Jianye District represents the fruition of Jiangsu Province and the Nanjing City government's work to create a "Financial Center for the Pan-Yangtze River Delta Region," a "Yangtze River Delta Center for Innovation and Creativity," a "Nanjing Metropolitan Business and Trade Center," a "Yangtze River Delta Convention and Exposition Center" and a "Yangtze River Delta Culture and Sports Center";
- Jianye District was named the "National Ecological Demonstration Zone for Low-Carbon" and the "National Pilot 'Smart' City (Town, District)."



Source:
Annual Statistical Report of Nanjing (2013)
Information provided by NJDRB

1.2 Economic development

Solid Economic Growth

In 2013, the GDP of Jianye District amounted to RMB 18.86 billion, representing an annual increase of 29.5% over 2012. The compound annual growth rate in Jianye District's GDP from 2009 to 2013 was 24.2%.

Tertiary Sector Preeminence

Demonstrating that service industries are already the mainstay of Jianye District's economy, the added-value of the tertiary sector amounted to RMB 14.92 billion in 2013, representing an annual increase of 26.3% over 2012 and accounting for 79% of total regional production. From 2009 to 2013, the compound annual growth rate of the tertiary sector in Jianye District was 25.5%.

Continued Expansion of Foreign Trade

Nanjing is one of the major cities in the Yangtze River Delta, a growing center for foreign trade, economic exchange and cooperation, and home to a thriving import and export market. Jianye District is one of the fastest growing economies in Nanjing with ample potential for the expansion of overseas business. In 2013, foreign trade exports amounted to USD 540 million, representing an annual increase of 20% over 2012.

Soaring Investments in Fixed Assets

In 2013, total investment in fixed assets in Jianye District was RMB 34.51 billion, representing an annual increase of 13.9% over 2012. From 2009 to 2013, total investment in fixed assets in the district enjoyed a compound annual growth rate of 26.4%.

Note:

①According to the "Classification of Three Economic Sectors" released by the National Bureau of Statistics in 2003, the three sectors are classified as follows:

The primary sector refers to agriculture, forestry, animal husbandry, and fishing;

The secondary sector refers to the mining industry; manufacturing; the production of electricity, gas, and water; suppliers; and construction; and

The tertiary sector refers to businesses other than those in the primary and secondary sectors, mainly the service sector

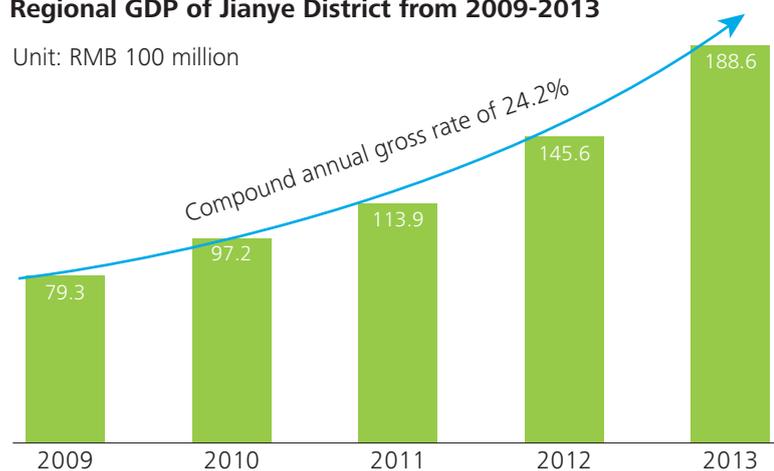
Source:

National Economic and Social Statistics of Jianye District, Nanjing (2009-2012)

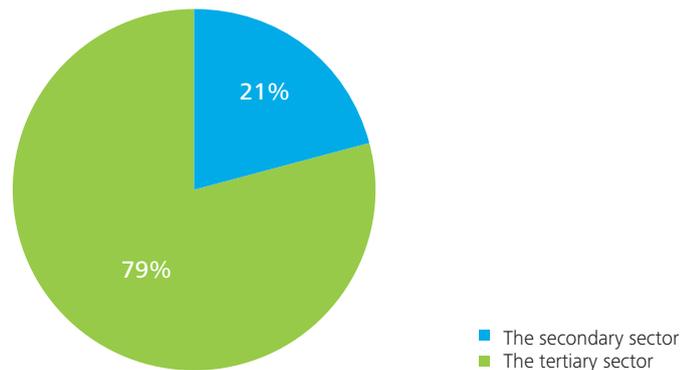
Information provided by NJDRB

Regional GDP of Jianye District from 2009-2013

Unit: RMB 100 million

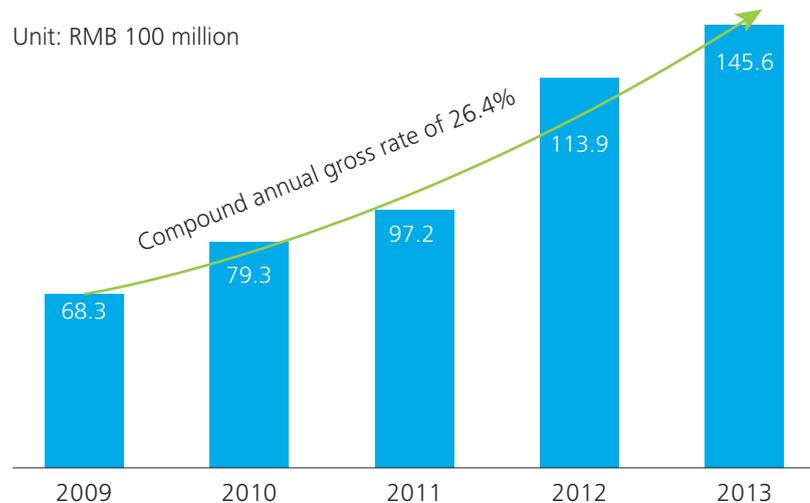


Industry sector proportions in Jianye District for 2013^①



Total investments in fixed assets in Jianye District from 2009-2013

Unit: RMB 100 million



1.3 Consumer market

Year-on-Year Increase in Total Retail Sales of Consumer Goods

In 2013, the total retail sales of consumer goods was RMB 13.86 billion, representing an annual increase of 16% over 2012.

Per Capita Disposable Income on the Rise

In 2013, the per capita disposable income of Jianye District residents amounted to RMB 36,906, representing an annual increase of 9% over 2012. From 2009 to 2013, the per capita disposable income of residents enjoyed a compound annual growth rate of 12.6%.

Potential for a Broad Consumer Market

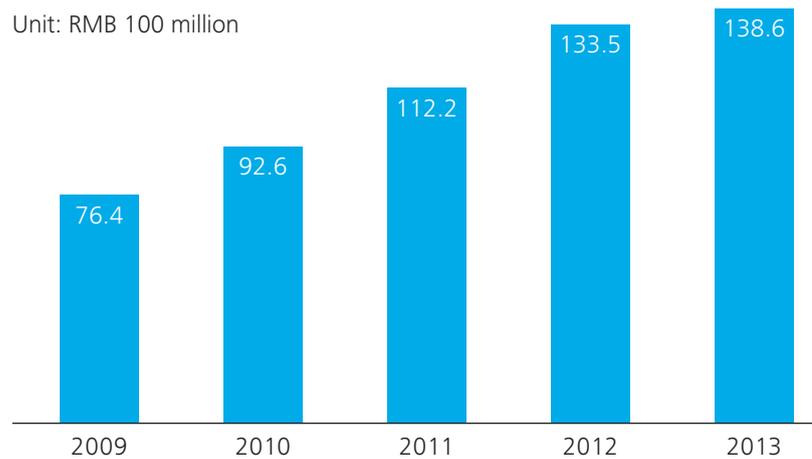
In its role as an emerging urban commercial zone in Nanjing, Jianye District continues to attract a range of industries (commerce and trade, media and the arts, service and other tertiary sector businesses), which goes hand in hand with the rise in per capita disposable income. The increase in the purchasing power of residents and higher demand are making Jianye District an important consumer market in the Nanjing area.

The recent growth in consumer demand and higher standards of living has increased the market capacity of middle- and high-end products, and has stimulated improvements in the quality of products, while expanding the space for businesses to develop high, added-value products.

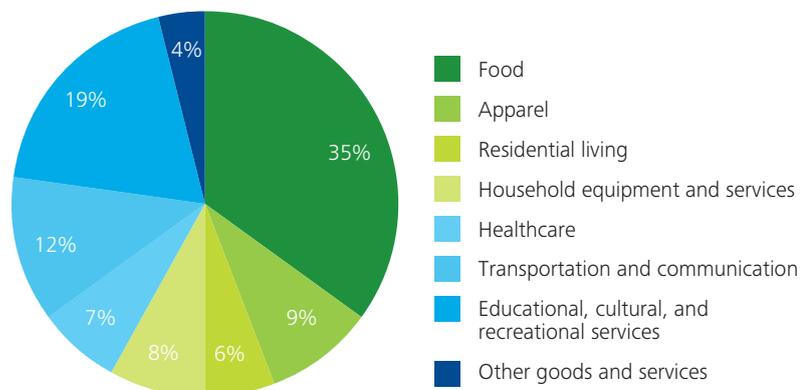
—Jiangsu Provincial Agricultural Reclamation and Development Corporation

Total retail sales of consumer goods in Jianye District, 2009-2013

Unit: RMB 100 million



Proportion of annual consumer expenditure per capita of urban resident households in Nanjing for 2012

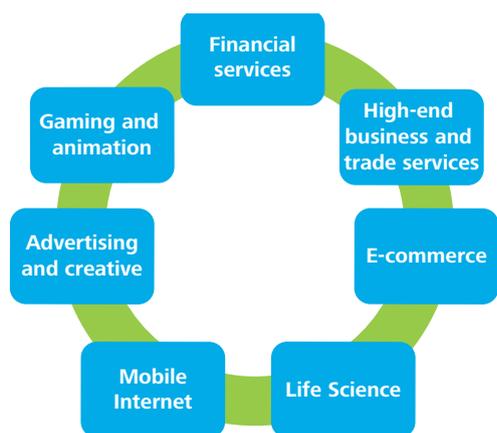


Source:
National Economic and Social Statistics of Jianye District, Nanjing (2009-2012)
Information provided by NJDRB
Statistical Report of Nanjing (2012 and 2013)

1.4 Industrial Agglomeration

Modern Service Industry Center of Nanjing

The modern service industry and emerging industries have emerged as the primary drivers of Jianye District's economic growth. The district's economy is based on its role as a location for headquarters companies and its concentration on seven principal sectors.

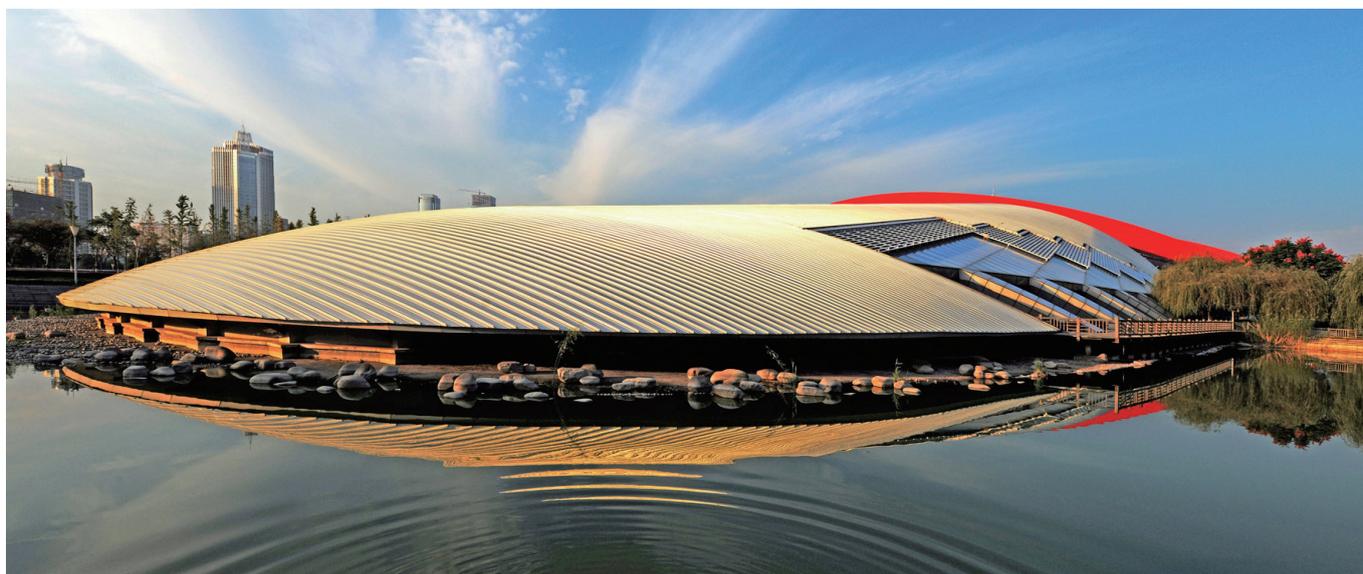


The overall objective for the economic and social development of Jianye District during the 12th Five Year Plan is to create a comprehensive industrial framework that will encompass key functional areas, such as Hexi Central Business District, New Town Science & Technology Park, Jiangdong Trade Zone and Singapore-Nanjing Eco Hi-Tech Island. This will form a base to provide distinct advantages for high-end businesses, such as corporate headquarters, R&D institutions, financial services and exhibitions.”

——12th Five-Year Plan of Jianye District, Nanjing

“Five Functional Areas”

Jianye District’s focus on five functional areas—Hexi Central Business District, Jiangdong Commercial Center, New Town Science & Technology Park, Sino-Nanjing Eco Hi-Tech Island and the Southern Hexi Functional Zone, which is still under development—has enabled it to attract a variety of enterprises in leading sectors. The industrial concentration represented by these five areas has been well planned, with ample space to accommodate potential future development.



1.4.1 Industrial Agglomeration: Financial Services

Rise of the Financial Center for the Pan-Yangtze River Delta Region

The Jiangsu Province and Nanjing City governments are working to transform the Hexi Central Business District in Jianye District into a new financial center for the Pan-Yangtze river delta region, while at the same time making it Nanjing's major financial area.

By the end of 2013, 238 financial institutions had been established in the Hexi Central Business District's financial cluster, including 11 corporate headquarters of financial institutions and seven foreign banks. This accounts for two-thirds of the total number of financial institutions established in the whole of Nanjing.

Financial institutions established in Hexi Central Business District

AIG Insurance Company China Limited	HSBC Bank (China) Company Limited
Metropolitan Bank (China) Ltd	Bank SinoPac
AIA Group Limited	Hana Bank
ZKing Property & Casualty Insurance Co., Ltd.	Jiangsu Re-Guarantee Co., Ltd.

Standardized Financial Structure

The Hexi financial cluster enjoys ongoing support from various levels of financial authorities in Jiangsu Province, Nanjing and Jianye District, and is increasingly recognized for the considerable advantages it can offer investors in terms of location, policies and resources. The presence of a number of financial regulators and authorities in the Hexi financial district has been conducive to the establishment of a solid financial structure. Financial regulators and authorities that are based (or will soon be based) in the district include:

- China Banking Regulatory Commission (Jiangsu Office)
- China Securities Regulatory Commission (Jiangsu Branch)
- China Insurance Regulatory Commission (Jiangsu Bureau)
- Financial Development Office of Nanjing

Source:
Information provided by NJDRB

Development of Financial Platforms

Trading platform with essential financial components

Jianye District will promote the development of a trading platform with the financial components essential to the growth of financial industry clusters. The district also is committed to providing more facilities for long-term development in the region that will benefit such enterprises as:

- Jiangsu Equity Exchange Center Co., Ltd.
- Jiangsu Commodity Trading Center
- Nanjing Petrochemical Contract Exchange

Financial services platform

The development of the financial services platform in Jianye District has meant that a full range of services for corporate investment and financing is now offered, as well as accessibility to various types of financial information. Key institutions include:

- Center for the Promotion of the Fusion of Industry with Capital (Nanjing, China)
- Public Technical Service Center for Processing Financial Information (Jiangsu Province)

Development Plan for the Financial Sector

Over the next three to five years, it is expected that the draw of the region as a whole will be a factor in the growth of a flagship financial city in Nanjing, which will in turn serve to attract even more financial institutions—both domestic and foreign—and grow the value of the financial sector. In particular, the availability of a variety of preferential policies and the development of a platform with various types of industrial trading elements, will enable Jianye District to further consolidate its position as a location for headquarters of financial institutions.



1.4.2 Industrial Agglomeration: High-End Business and Trade Services

Emergence of the "Nanjing Metropolitan Business and Trade Center"

Jianye District is set to grow its high-end business and trade services, with a view to playing a leading role in the economy of the region. Supportive government policies and regional planning will assist in the development of the "Nanjing Metropolitan Business and Trade Center."

At the end of 2013, Jianye District's modern commercial industry sector comprised more than 3,300 enterprises. These enterprises employ more than 30,000 individuals and produce a total annual turnover of more than RMB 18 billion.

High-End Business and Trade Services: "Three Centers along One Belt"

By 2015, Jianye District is expected to complete construction of the Jiangdong Commercial Center, forming a belt of municipal business centers linking Jiangdong Commercial Area to Hexi Central Business District.

- "One belt" refers to the commercial area encompassing Middle Jiangdong Road and South Jiangdong Road.
- "Three centers" includes Jiangdong Commercial Area, Hexi Central Business District and the Southern Hexi Functional Area.



Examples of existing and planned commercial centers

Wanda Plaza

Walsin Centro

Sun Hung Kai International Commerce Center

Nanjing Olympic Suning Plaza

Nanjing World Trade Center

Jianye Golden Eagle World

Lotte World

Yurun Square

Businesses represented:

Shopping centers
 Department stores
 Dining
 Business Offices
 Hotels
 Cinemas
 Games
 ...

Deloitte Perspectives

Experimental business models continue to shape the development of shopping centers in China, with constant adjustments being made in response to ever-evolving understanding of consumer needs and preferences. The centrality of the family to leisure consumption patterns has meant that, in addition to retail outlets, shopping centers are increasingly incorporating such extra features as dining, entertainment, education and even fitness. The ability to develop a model capable of providing a high-quality experience incorporating family dining and entertainment for children has become a key factor in attracting tourist business.

- Excerpt from "Deloitte's Report on Shopping Centers"

Source:
 Information provided by NJDRB

1.4.3 Industrial Agglomeration: E-Commerce

Innovative National Level Industrial Base for E-Commerce

As one of the first national level industrial bases for e-commerce, Jianye District is committed to the development of the sector, with a view to fostering emerging industries and transforming and upgrading its economic structure.

The Jianye District national level industrial base for e-commerce is one of two bases for e-commerce in Jiangsu Province and was officially opened for business in September 2012. The 800,000 m2 base attracts and supports e-commerce businesses along the value chain. By the end of 2013, Jianye District had accumulated more than 100 e-commerce businesses with a total of 2,000 employees and total sales revenue of RMB 1.54 billion.

Businesses Sharing the Advantages of Industrial Agglomeration

The national demonstration base allows established e-commerce businesses to share the benefits of the district's industrial platform and resources, which in turn enhances their competitive position in the new market environment. The advantages offered by the base are that it:

- Establishes a platform for e-commerce technologies and public services, as well as forming a centralized forum for e-commerce;
- Facilitates the sharing of resources and experience (e.g. information, research platforms and equipment) among businesses in the same industry, thus allowing businesses to benefit from economies of scale;
- Promotes the widespread application of e-commerce in other industries and businesses in Jianye District.

Major Industry Event

The China (Nanjing) E-Commerce Summit was held in Jianye District in September of 2012. The summit brought together government leaders at all levels as well as more than 300

Nanjing Electronic Commerce Association frequently organizes corporate communication activities in Jianye District. A number of rapidly developing commercial enterprises and supporting suppliers have established themselves here upon being attracted to the vibrant atmosphere and vast development potential.

- Nanjing Yurun Cloud Commerce Co., Ltd.

Areas covered		
E-commerce transformation of traditional industries	New model and layout of e-commerce	E-commerce services



experts, academics and practitioners in the field of e-commerce to focus on the subject of the prospects for industrial development.

Source:
Information provided by NJDRB

1.4.4 Industrial Agglomeration: Advertising and Creativity

Leading Center of Innovation and Creativity for the Yangtze River Delta

The goal of the work being put into the development of the advertising and creative sectors in Jianye District is to build a "Center of Innovation and Creativity for the Yangtze River Delta." It is intended that the influence of the center should be felt and its significance recognized beyond Nanjing in the delta and the country as a whole.

By the end of 2013, the district was home to a total of 120 creative/advertising businesses with more than 3,000 employees and total advertising revenues of nearly RMB 3.5 billion.

Nanjing National Advertising Park is located in Nanjing's New Town Science & Technology Park. It is one of the nine national advertising parks to be initially approved by the State Administration for Industry and Commerce.

Creative/advertising enterprises and organizations

Yindu Ogilvy	Century Voice
Dahe Media Co., Ltd.	Sohu Focus
Huajian Media Group Co., Ltd.	Yoho
JCDecaux China	Effie China
Towona	Phoenix Publishing
Yongda Advertisement	

Public Service Platforms: Enhancing Business Growth

The Nanjing National Advertising Park has six major public service platforms that provide practical services and facilities designed to help accelerate the growth and expansion of small and medium-sized advertising enterprises, including:



Major Industry Event

The successful 20th China International Advertising Festival was held in Jianye District in October 2013. The festival is China's most influential event in the advertising industry calendar. The 2013 festival attracted 50,000 participants and more than 600 exhibitors. As well as promoting interaction and exchange within the domestic Chinese advertising community, the festival is a forum for opening Nanjing to players on worldwide advertising markets.



Source:
Information provided by NJDRB

1.4.5 Industrial Agglomeration: Gaming and Animation

Public Service Platform to Boost Enterprise Development

The China (Nanjing) Game Valley establishes various platforms for resources, including copyright facilities required by animation and game production enterprises operating in New Town Science & Technology Park. Among the forms of support for business development are:

- A public service platform for digital culture and technical services backed by a total investment of approximately RMB 150 million and focusing on areas such as animation production services for film and television, new media advertising, modern creative designs, digitalization of mobile entertainment and cultural resource. The platform is designed to support the innovation and development efforts of established enterprises.
- A public service platform for animation industry rights (intellectual property rights), including a copyright trading platform and a platform for financial services in the context of the animation and gaming industry.

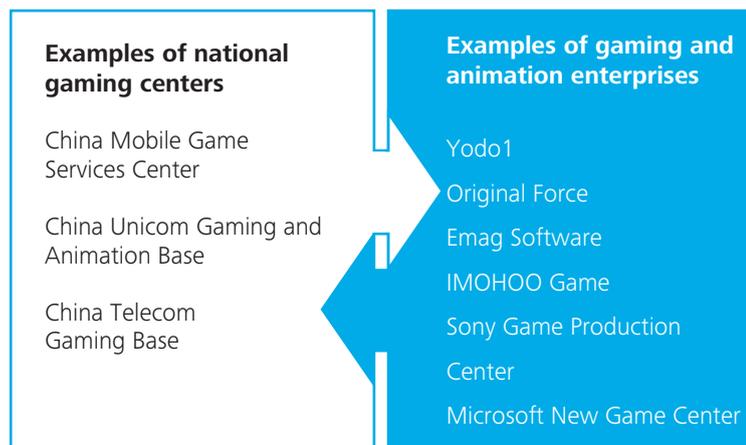


Development of China (Nanjing) Game Valley

Jianye District is striving to develop a gaming sector founded on innovation and creativity. Now that it encompasses both carrier and technical support, the gaming sector is becoming increasingly comprehensive, which tends to accelerate the clustering of leading companies in this sector.

By the end of 2013, Jianye District was home to more than 40 gaming and animation businesses with more than 2,000 employees and total sales revenue of RMB 500 million.

In January 2013, the China (Nanjing) Games Valley was unveiled at the New Town Science & Technology Park in Jianye District. The valley brings together national gaming centers and a large number of rapidly growing gaming and animation businesses.



Major Industry Event

The Chinese Applications in Gaming Competition was held in Jianye District at the first session of the China Mobile Gaming and Innovation Summit in September 2012. An array of industry leaders, and cutting edge game designers and developers were in attendance. The event aimed to provide a platform for progress by identifying outstanding game designers, boosting the development of blue chip gaming enterprises and acting as a storefront for quality resources in the gaming sector.

Source:
Information provided by NJDRB

1.4.6 Industrial Agglomeration: Mobile Internet

National Industrial Base Featuring Mobile Internet

In 2012, Nanjing (Jianye) Mobile Internet Industry Base located in Jianye District's New Town Science & Technology Park was officially recognized as an industrial base of the national torch program. The base has brought together innovative elements to drive mobile Internet enterprises to congregate, as well as promoting the development of the industry chain.

By the end of 2013, more than 30 mobile internet enterprises had been established in the base, with more than 15000 people employed and total registered capital of more than 25 billion RMB.

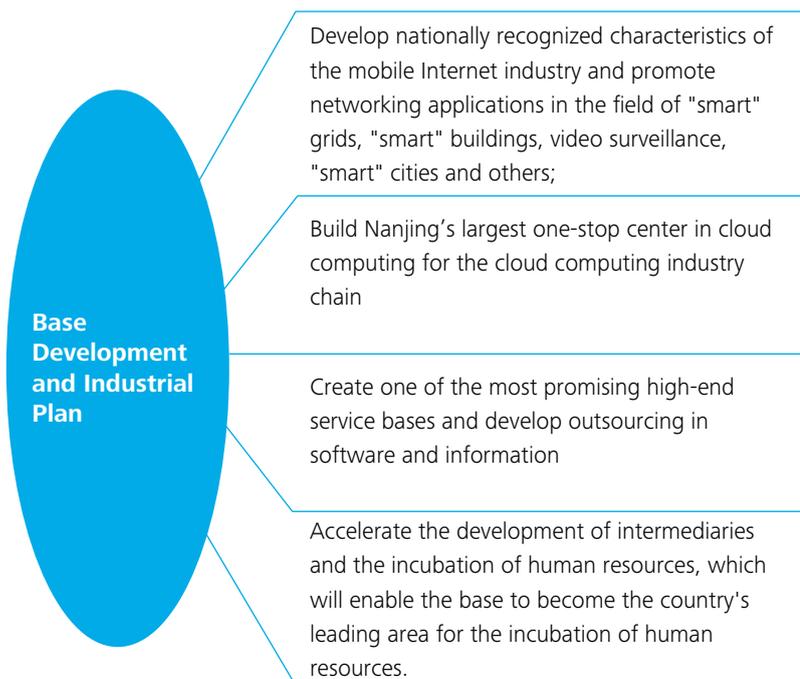
Mobile internet enterprises in Nanjing (Jianye) Mobile Internet Industry Base (Examples)

Datang Telecom	FiberHome
Bewinner Communications	Lenovo (Global R&D Center of Mobile Internet)
Jiuqi Beidou Technology	focus.cn
Tencent	TIZA

Services platforms promote the Industrial development

Currently, a batch of public service platforms, technical service platforms and key laboratories have been established in the base, which include:

- New Town Science & Technology Park Center (Branch) for the Software Industry Public Platform in Jiangsu Province
- StarrySky Mobile Internet Platform for Application Management and Technology Services as well as a Software Communication Testing Platform
- Jiangsu Engineering Technology Research Center for Digital Cities' Geographic Information Systems
- Jiangsu Telecom Research and Testing Center for Business Development and Engineering Technology



1.4.5 Industrial Agglomeration: Life Science

Renowned cluster of life science enterprises

Nanjing is committed to building China (Nanjing) Life Science City and is focused on developing four areas, namely biomedicine, biomedical engineering, modern healthcare and bio-agriculture.

New Town Science & Technology Park in Jianye District is rich in resources and has an outstanding platform of technological innovation. It drives to build a domestically renowned cluster of life science enterprises throughout the areas of exhibition, communications, sales, agencies, industrial management etc.

At the end of 2013, more than 80 life science enterprises had been established (including human resources programs) at New Town Science & Technology Park.

Life science enterprises established in New Town Science & Technology Park (Examples)

Jiangsu Kanion Pharmaceutical	Comc Information Technology
BGI	Jiangsu Zhengyuan Pharmaceutical
Nanjing Real Pharmaceutical	Phagelux (Nanjing) Pharmaceutical
Nanjing Wanchuan Pharmaceutical	Decon Bio

Varied technology and public services platform enhance the sector's development

Supported by the New Town Science & Technology Park, Jianye District has developed a series of platforms, for instance, technology centers, innovation centers etc. to enhance the development of life science cluster, and gather the related enterprises, including,

- Innovation Center of National Key Laboratory of Bio-Pharm Technology, Nanjing University
- Bio-medicine Innovation Center, Collage of Pharmacy, Peking University
- Jiangsu Food and Drug Test Platform
- Quality control of traditional Chinese medicine, Jiangsu Province Engineering Research Center
- Jiangsu Kanion Pharmaceutical technology center
- Jiangsu Province, innovative medicine research pilot amplification technology platform Jiangsu Province Innovative Chinese Me...
- Nanjing Immune Cells Biotechnology Research Center



2. Government Policy and Services

Introduction

Rational government policies and incentives will help drive economic development and enhance the region's ability to attract investors across a range of industries. The pragmatic focus of government services will provide enterprises with an efficient and transparent administrative environment, allowing them to concentrate on their business development.

Jianye District is dedicated to attracting high-value added enterprises, specifically enterprises in the modern services industry. To this end, the district is promoting the use of technology to further improve and optimize the existing industrial infrastructure.

The district government is committed to fostering a services-oriented climate, to introducing innovative tax and nontax policies to enhance its services, and to ensuring that investors can operate in a high-quality environment.

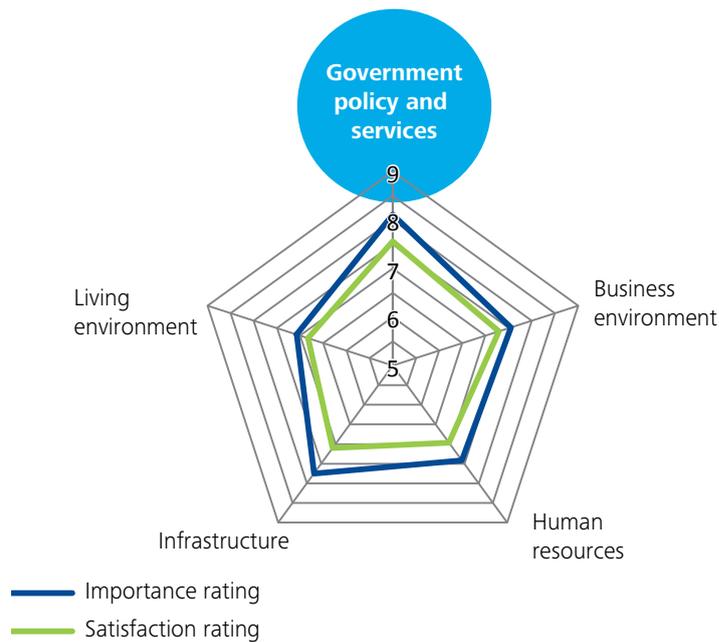
Favorable government policies and efficient services are key factors for attracting investors. When Bank SinoPac was in the process of setting up in Jianye District, it received full policy support and a range of services from the government. We also have established an effective communication channel with all levels of government in the district.

-Bank SinoPac (China) Limited



2.1 Research Summary of Government Policy and Services

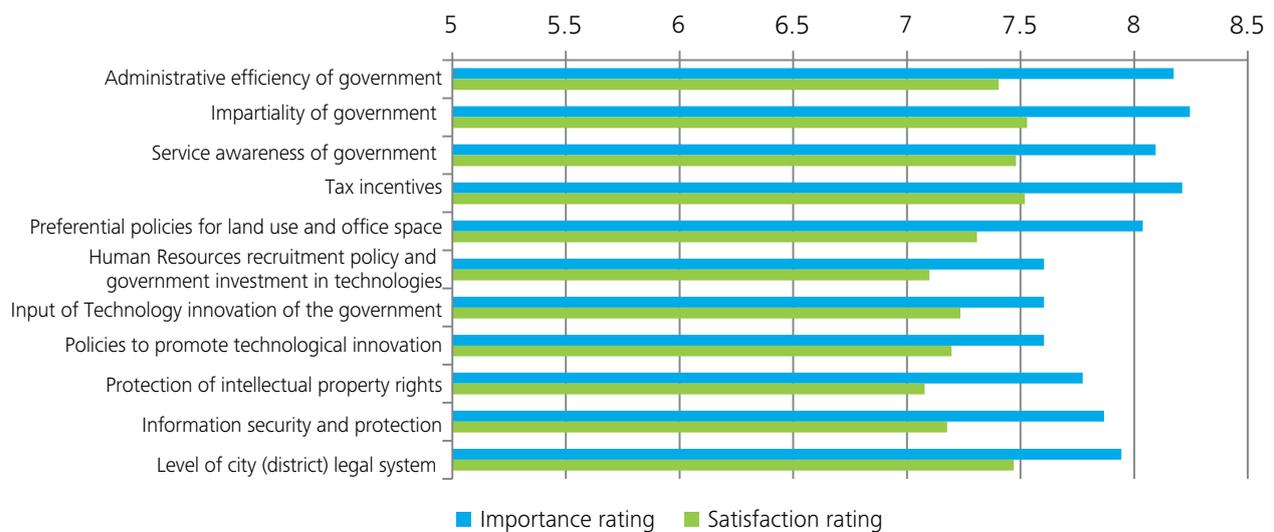
Levels of Importance/Satisfaction



Responses to Questionnaire

- Importance category scored 8.1 points (out of 9)
- Satisfaction category scored 7.6 points (out of 9)
- Respondents believe that the impartiality of government, administrative efficiency and the availability of tax incentives are most important
- Respondents are most satisfied with the impartiality and service awareness of government and the availability of tax incentives

Breakdown of Importance/Satisfaction



2.2.1 Corporate Incentives: Headquarters

Incentives for Regional Headquarters

Jianye District has developed a series of incentives and policies to attract domestic and foreign companies to set up regional or R&D headquarters in the district. These measures also have accelerated economic reform.

Jianye District offers a series of tax and nontax incentives for enterprises, depending on the nature, size and contribution of their headquarters operations. Financial support and housing subsidies also are available.^①

Examples of Policies that Benefit Corporate Headquarters^②

Financial support for new headquarters	Newly established corporate headquarters will receive a 20% rebate of value added tax (VAT), business tax and enterprise income tax (hereinafter “total tax”) attributable to their locally generated revenue for their first three years of operation.
Financial support for corporate headquarters	If the annual total tax liability of an enterprise exceeds 15% of its locally generated revenue, a 20% rebate will be granted based on annual growth.
	If the total annual tax liability of an enterprise exceeds 30% of its locally generated revenue, a 40% rebate will be granted based on annual growth.
One-time office subsidy	Headquarters that lease or purchase their own office space in the district will be granted a one-time subsidy, with the amount determined on a case-by-case basis.
Ongoing financial support	Additional financial support may be granted to corporate headquarters, with the amount determined on a case-by-case basis.

Requirements for Corporate Headquarters in Jianye District^②

Independent legal entity status
Parent company total assets of at least RMB 500 million
Parent company cumulative total investment in China of at least RMB 100 million
Enterprises with investment within and outside China or those authorized to manage at least three enterprises with a total actual registered capital of at least RMB 100 million
Implementation of a unified accounting system, and a system for accounting for enterprise income tax on an aggregate basis for the Jianye District

The above requirements may be alleviated in the case of Fortune 500 enterprises, headquarters of multinationals, listed companies and corporate headquarters listed in the "Top 100 Domestic Enterprises", "Top 10 Provincial Enterprises" and "Top Five Municipal Enterprises" (based on a comprehensive assessment of economic criteria), as well as for other types of industrial development-oriented corporate headquarters with annual tax revenue exceeding RMB 10 million (excluding real estate and construction companies).

The corporate headquarters listed above include financial investment centers with various attributes such as the ability to attract funding, availability of information, technology and human resources, commodity marketing centers, logistics procurement centers, R&D centers, decision management centers, financial accounting (financial settlement) centers and data processing centers (call centers). At least 51% of the capital of corporate headquarters must be provided by foreign investors.

During the actual implementation of these policies, corporate headquarters may enjoy additional financial support in which the proposed amount shall be determined on a case-by-case basis.

Source:

- ①. Notice on the issuance of “Implementation Opinions on Accelerating the Economic Development of Headquarters in Jianye District” (Jian Zheng Fa No. 78 (2013))
- ②. Government Incentives for Supporting Corporate Headquarters (Jian Fa No. 21 (2007))

2.2.2 Corporate Incentives: Financial Services and High-Tech Sector

Rational Policy-Oriented Financial Sector

The Jianye District government has launched a series of initiatives to create a favorable business environment for financial institutions to provide their services. The objective is to attract both domestic and foreign financial companies to set up their regional headquarters, branches, representative offices etc. in the district.

By the end of 2012, the government had realized a total incentive amount of RMB 140 million for five groups of 49 institutions operating in the Hexi financial cluster.^①

Summary of preferential policies in the Hexi financial cluster^②

Preferential policies in the Hexi financial cluster ^②
Newly established corporate headquarters, financial institutions, quasi-financial institutions and back-end financial services in the Hexi financial cluster will be granted a one-time subsidy.
Financial institutions that lease or purchase their own office space in the financial cluster of Hexi will be granted subsidies.
Management personnel above deputy level in the case of headquarters of newly established financial institutions and management personnel at principal-in-chief level in the case of regional headquarters in the Hexi financial cluster will be granted incentives.
Financial institutions that agree to settle in Nanjing Financial City will be given increased support.

Source:

- ①. Information provided by the Management Committee of Hexi Central Business District, Nanjing
- ②. Opinions on Further Accelerating the City's Development of the Financial Sector for Reform and Innovation (Ning Zheng Fa No. 73 (2011))
- ③. Opinions on Further Accelerating Development of the High-Tech Industry and the Modern Service Industry (Jian Fa No. 23 (2009))

Policies for an Efficient High-Tech Sector

Jianye District's policies relating to innovation in science and technology have enabled it to attract a number of high-tech enterprises, research institutions and related intermediaries. The district also has promoted the expansion of R&D in emerging industries and has cultivated high-tech industries with that are competitive regionally or in special sectors.

The New Town Science & Technology Park in Jianye District furthers policies that are geared to high-tech enterprises and to promoting the interaction between scientific research enterprises, innovative enterprises, financial enterprises and academic institutions within a campus environment. The park thus provides an exchange platform for enterprises that helps to optimize the potential for innovation.

Examples of preferential policies for the high-tech industry in New Town Science & Technology Park^③

Enterprises	Subsidy	Enterprises listed on "China's Fortune 500" or on the main board in the park, or with recognized Chinese brands or well-known trademarks, will be granted a one-time subsidy between RMB 300,000 to RMB 1 million.
	Tax incentives	High-tech companies with independent intellectual property rights that are established in the park will be granted a 100% rebate of the VAT, business tax and enterprise income tax attributable to their locally generated revenue for their first three years of operation. After three years, the enterprise will be granted a 50% rebate of enterprise income tax.
	Premises purchase discount	Enterprises that purchase office or production space in the park will be granted a 5% to 20% discount on the price, depending on the type and size of the business.
R&D Institutions	Support	R&D institutions that meet certain requirements and that are recognized as national R&D institutions focused on supporting industries in the Jianye District will be granted a one-time subsidy of RMB 1 million.
	Support for R&D institutions with an independent accounting system	Established R&D institutions that have an independent accounting system and independent intellectual property rights will be granted a 100% rebate of VAT, sales tax and enterprise income tax attributable to locally generated revenue for the first three years of operation. After the first three years, a 50% rebate will be granted.

2.2.3 Corporate Incentives: E-Commerce, Advertising and Creativity, Gaming and Animation Sectors

Policies Targeting the E-Commerce Sector

The Jianye District government has launched a series of initiatives to foster the e-commerce sector.

An annual budget of RMB 20 million will be used to provide financial support to e-commerce enterprises.

Examples of Preferential Policies for E-commerce Sector

- E-commerce businesses taking out their first bank loan will be granted a one-time subsidy equal to 20% of the total amount of interest due on the loan, up to a maximum of RMB 200,000.
- E-commerce businesses with sales revenue of RMB 100 million or more will be granted financial support equal to 20% of an incremental portion of locally generated revenue compared to the previous year. The total award for a single business may not exceed RMB 500,000 annually.
- Where an enterprise pays more than RMB 5 million in tax in the district, the government will grant the company's corporate executives an individual income tax rebate of 20% to 50%.
- Key leading e-commerce enterprises with large tax liabilities and a focus on driving strong growth will receive support on a case-by-case basis.

Source:
Notice Issued on Nanjing's "12th Five-Year" Plan for the Development of the Service Industry (Ning Zheng Fa No. 308 (2011))
Notice issued on the "Approach to Promoting the Development of the E-Commerce Industry in Jianye District" (Jian Zheng Gui Fa No. 6 (2012))
Provisional Measures for Promoting Industries in Nanjing National Advertising Park in Jianye District (Jian Zheng Gui Fa No. 2 (2012))
Measures for Promoting the Development of Industry in China (Nanjing) Valley of Games (Jian Zheng Gui Fa No. 1 (2014))

Preferential Policies for the Advertising and Creative sector

The Jianye District government has arranged special funds of RMB 30 million per year to support the Nanjing National Advertising Park and the public platform for development and events held in the park.

Examples of Policy Support in the National Advertising Park

Award winning enterprises, companies that have a nationally recognized trademark or that are among China's Top 500 Private Enterprises and that are established in the park will be granted a one-time subsidy.

Eligible enterprises that lease or purchase premises in the park will be granted a 10% to 40% discount on the market price of the property.

For a certain period of time after business registration, well-known advertising headquarters and common advertising and creative enterprises will be granted a rebate of between 40% and 100% of the VAT, sales tax and enterprise income tax attributable to their locally generated revenue.

Corporate executives of eligible enterprises will be granted a rebate of individual income tax equal to a certain percentage of locally generated revenue.

Beneficial Policies for the Gaming and Animation Sector

The district government will arrange special funds in the amount of RMB 30 million per year to support the development of the gaming and animation sector and relevant enterprises.

Examples of Policy Support in the Nanjing Valley of Games

Eligible enterprises will be granted a rebate between 50% and 100% of the VAT, sales tax and enterprise income tax attributable to their locally generated revenue between their first and sixth year of operations.

Corporate executives of eligible enterprises may be granted a rebate of individual income tax equal to a certain percentage locally generated revenue.

Start-up animation and gaming enterprises that meet certain requirements will be granted a rebate equal to 100% of the tax attributable to locally generated revenue during the start-up period, as well as project start-up funding, and rent subsidies.

Key projects and enterprises in the animation and gaming sector will be granted preferential support on a case-by-case basis.

2.3 Policies to Attract Talent

Preferential Policies to Attract Talent

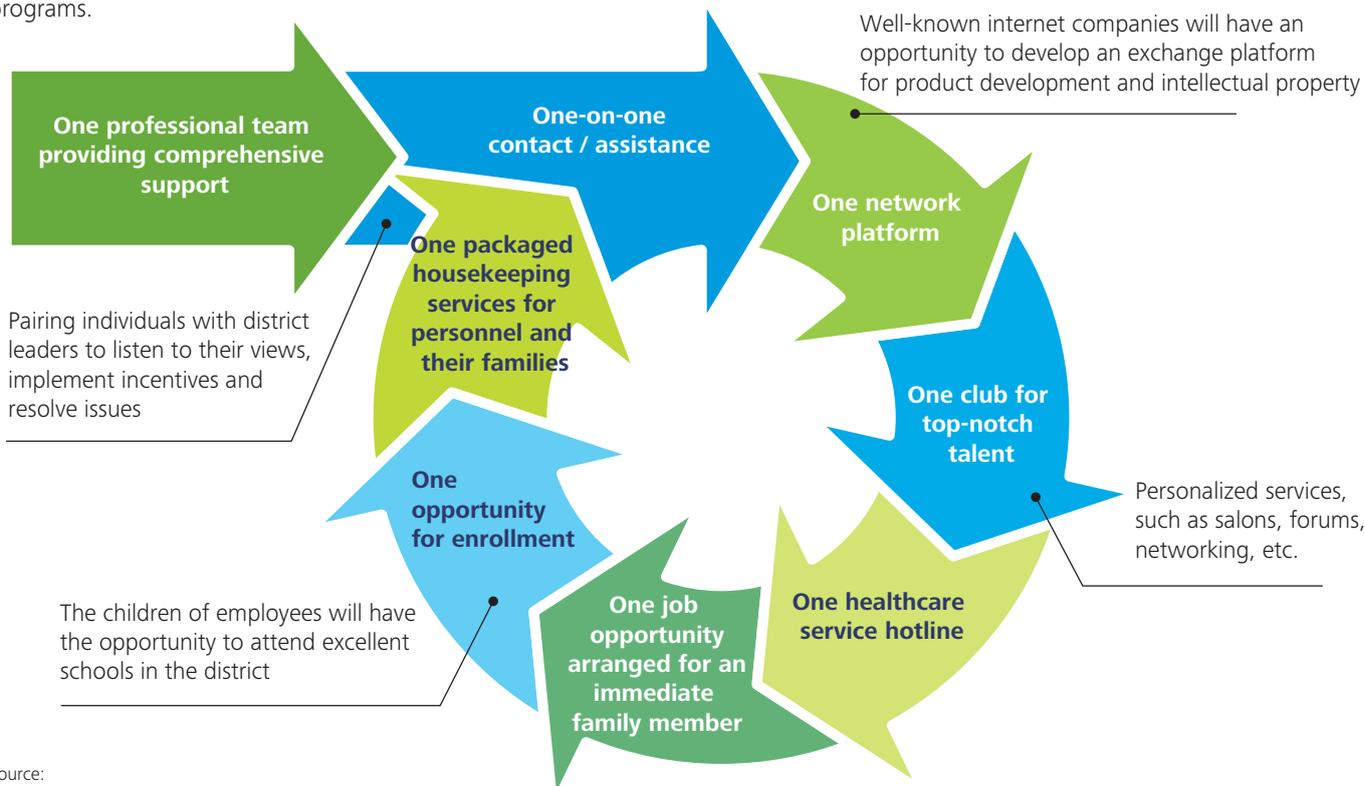
The Jianye District government has established preferential policies for all types of skilled individuals, with a view to attracting and retaining high quality personnel. For example, senior management of financial corporate headquarters will be entitled to annual subsidies of up to RMB 500,000 per company.

In 2012, the district government began implementing the "International Talent Program for the Jianye District," which targets qualified personnel for scientific research and cultural industries. The government launched another program in 2013, the "Eight in One" program that includes more initiatives to attract talent.

The number of high-end personnel is increasing as a result of these policies. In 2013, Jianye District attracted more than 60 specialists selected under the national, provincial and municipal level talent programs.

Scope of Talent under the International Talent Program
Academics from the Chinese Academy of Sciences and the Chinese Academy of Engineering, distinguished experts, and top talent in the cultural, advertising and creative sectors who move to the district in an entrepreneurial role.
High-end innovative and entrepreneurial individuals under the Jiangsu provincial level talent program who start-up businesses in the Jianye District.
Personnel in Jianye District who apply and are selected according to Nanjing's "Leader in Entrepreneurship in Science and Technology Program."
Individuals who are selected under Nanjing's "Technological Entrepreneur Training Program."
Other individuals as selected on a case-by-case basis.

"Eight in One" Service for Personnel in Jianye District



Source:
Information provided by NJDRB
Policies for Science and Innovation at New Town Science and Technology Park, Nanjing (Jian Zheng Fa No. 64 (2010))

2.4 Government Services

A Service-Oriented Government

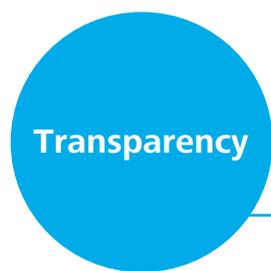
The Jianye District government is committed to ensuring that enterprises in the district have access to comprehensive and efficient government services, including a variety of "one-stop" services.

Departments of the Nanjing government that have a permanent presence in Jianye District include: Nanjing Municipal Commission of Development & Reform, Nanjing Municipal Investment Promotion Commission and Nanjing Commerce Bureau.

It is not the level of government policies that attract most companies, but the quality of the services. If the government focuses on the service needs of a company, an increasing number of established enterprises naturally will follow.

- Hana Bank China Co., Ltd. (Nanjing Branch)

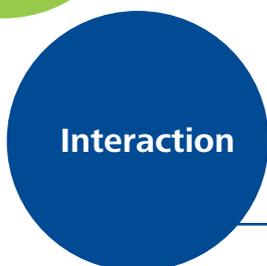
Examples of Government Services
Departments with specific policies targeting specific industry sectors
Provision of financial support to attract venture capital and equity funds
Creation of a platform for the recruitment of personnel, the enhancement of technological exchange within the park and improvement of the job market and human resource services
Implementation of project-based management and provision of one-stop services for approval, industry and commerce, taxation, etc.
Availability of an initial consultation process
Provision of ongoing support with financial services, consultation services, information services, etc.



- Information on the examination, approval and filing requirements for investment projects are posted on official websites
- Various policies are posted on websites in a timely manner
- Accountability of the district leader and accept oversight from the general public



- Completion of the audit and forwarding process: processed within five business days
- Accelerated processing time for examination, recording and reporting of corporate technology projects, messages, etc.: processed within one business day
- Preliminary approval and reporting of new corporate products and technologies: processed within two business days
- Planning approval for construction projects: processed within 12 business days
- Financing procedures: processed within three business days once funds are credited into the account and data is completed for science and technology projects



- Two-way communication channels and rapid response mechanism for enterprises
- Initiatives to provide enterprises and construction projects with policy interpretation services, on-site coordination services, procedural agency services and tracking services

Source:
Nanjing Jianye Investment website

3. Business Environment

Introduction

The components necessary for the creation of a sound business environment are commercial investment, an adequate human resource pool and enhanced development potential. The same components are among the most important factors taken into account in measuring regional competitiveness: in 2013, Nanjing ranked fourth in Forbes list of best commercial cities in China.^①

Jianye District is located in Nanjing in Jiangsu Province. The district is connected to Shanghai and is fully integrated into the economic circle of the Yangtze River Delta. The district's concentration of financial headquarters, numerous exhibition and sports facilities, and thriving commercial and business environment make it a one-stop, high-quality modern service area within Jiangsu Province, distinguished by its enormous growth potential and ample development space.

Jianye District is conducive to rapidly developing industries as the new city center. The district provides an environment that nurtures a youthful mindset and lifestyles, and is an excellent choice for young companies and teams.

- Nanjing Elfsack E-Commerce Co., Ltd.
(Brand: Elfsack)

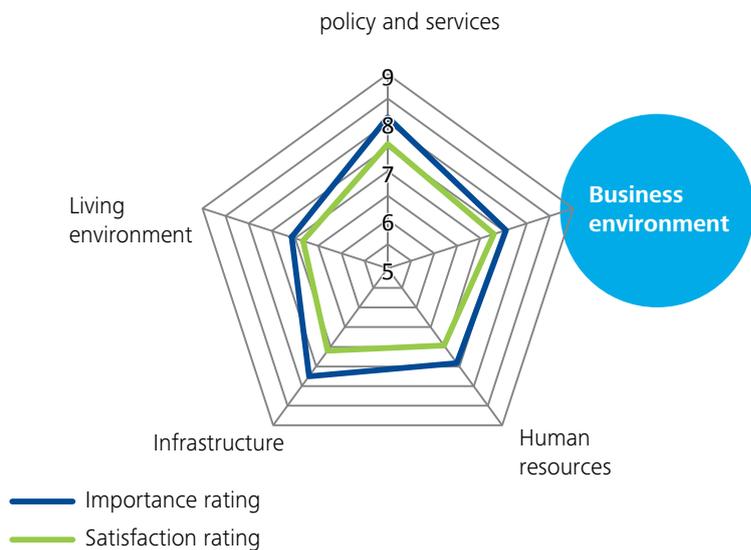


Source:

①. Since 2004, Forbes (Chinese edition) has published its list "of The Top 100 Most Competitive and Promising Mainland Companies" on an annual basis.

3.1 Research Summary of Business Environment

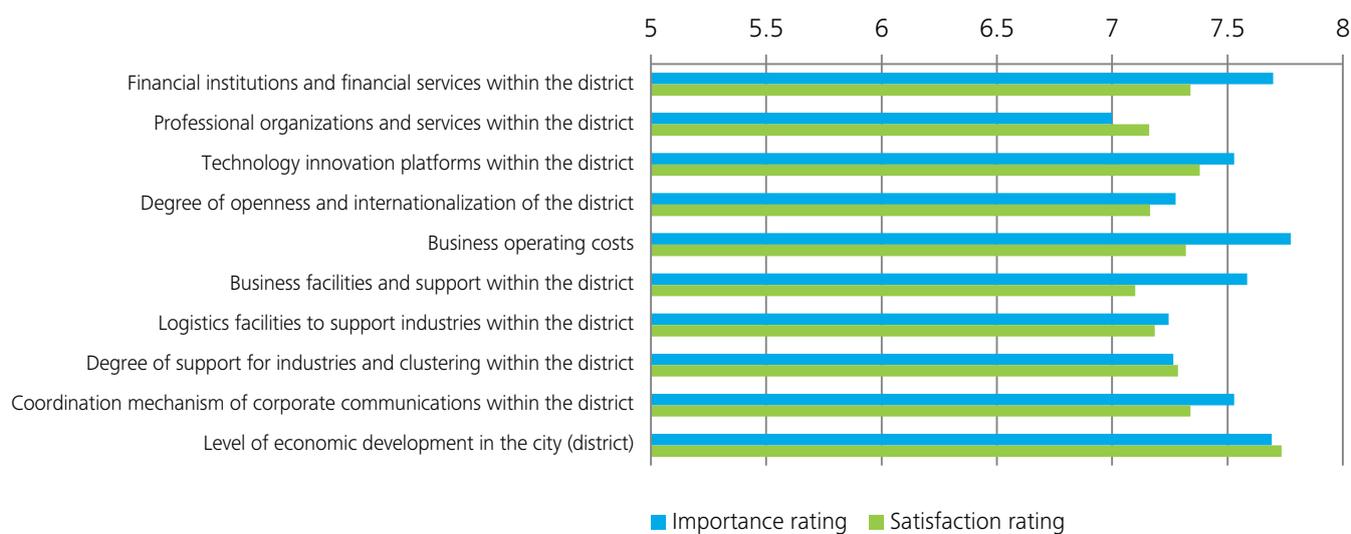
Levels of Importance/Satisfaction



Responses to Questionnaire

- Importance category scored 7.5 points (out of 9)
- Satisfaction category scored 7.3 points (out of 9)
- Respondents believe that business operating costs, financial institutions and financial services within the district, as well as the level of economic development in the city (district) are most important
- Respondents are most satisfied with the level of economic development in the city (district), technology innovation platforms within the district, as well as financial institutions and financial services within the district

Breakdown of Importance/Satisfaction



3.2 Functional Areas

Five Functional Areas

Jianye District regards the construction of functional areas as representing one of its core strengths. With the development and completion of Jiangdong Commercial Area, the New Town Science & Technology Park, the Hexi Central Business District and Singapore-Nanjing Eco Hi-Tech Island (supplemented by the planned construction of the Southern Hexi Functional Area) the district has become a vibrant international center, able to attract a concentration of finance, commerce, e-commerce, creative advertising, gaming and animation and other modern industrial enterprises.

Jiangdong Commercial Area

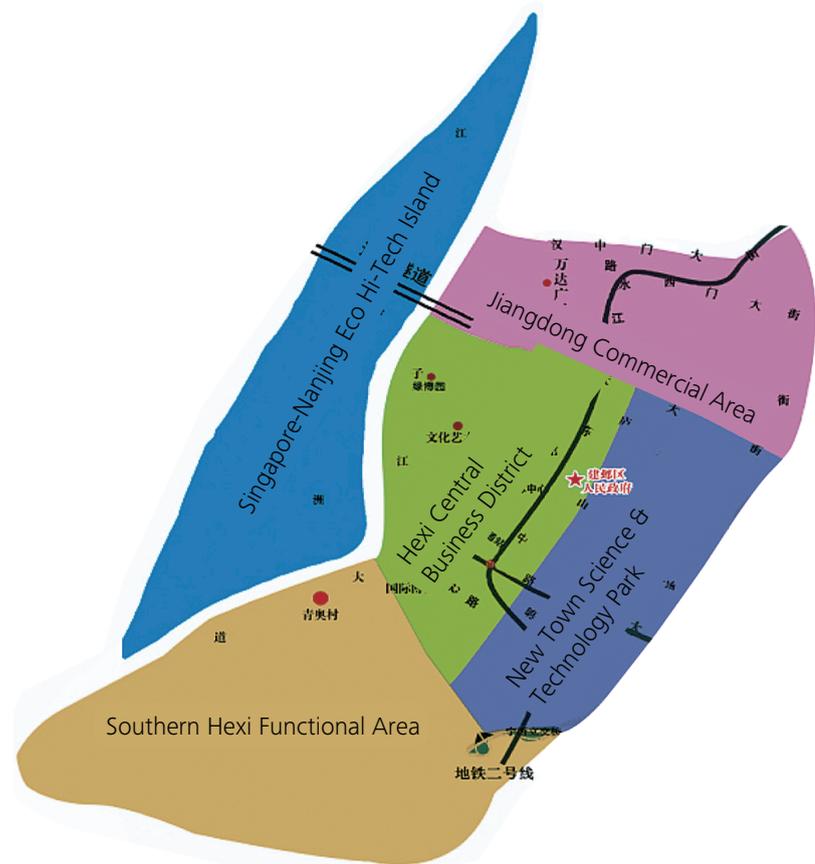
The Jiangdong Commercial Area is an urban complex located in the northern part of Hexi New Town. It is home to leading industries specializing in the e-commerce and creative media fields. Long-term development plans include the concentration of enterprises to form municipal-level business and commercial parks.

Hexi Central Business District

The Hexi Central Business District, which is located in the heart of Hexi New Town, boasts a concentration of clusters of financial institutions, corporate headquarters, and exhibition, sports, business and trade facilities, providing a one-stop modern service area for Jiangsu Province. The district's articulated goal is to become the influential and ground-breaking central business district of Jiangsu Province and the regional financial center of the Pan-Yangtze River Delta.

New Town Science & Technology Park

The New Town Science & Technology Park, located in the southeastern part of Hexi New Town, is the largest high-tech industrial park in urban Nanjing. Industry concentrations of enterprises active in the media, creative/advertising, gaming and



animation, e-commerce, mobile Internet, and life science fields are already established in the park.

Singapore-Nanjing Eco Hi-Tech Island

Singapore-Nanjing Eco Hi-Tech Island is the only island in the Yangtze River within range of the main city offers the benefits of self-sufficiency, a prime location and a tropical environment marked by great natural beauty. The island's adherence to ecologically sound principles, based on low-carbon footprint, "smart" policies, should enable it to develop into an international industrial park with a wide range of industry concentrations—science and technology, R&D, innovation, smart technology and corporate headquarters.

Southern Hexi Functional Area (Planned)

The planned Southern Hexi Functional Area will be developed in a spectacular location to the east of the Yangtze River and the north of the Qinhuai River. The area will be developed along green, eco-friendly lines to provide a congenial and spacious residential, business and leisure zone.

Source:
Information provided by NJDRB
Website of Nanjing Jianye Investment

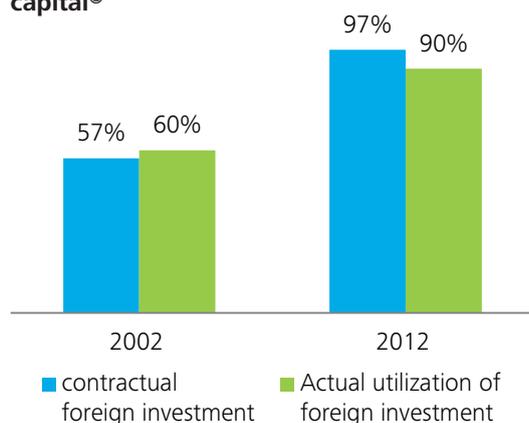
3.3 International Integration

Cross-Border Investment and Trade

In 2013, utilized foreign capital in Jianye District, Nanjing was USD 350 million. Foreign trade and exports for the year were valued at USD 540 million. Outsourcing of services accounted for USD 310 million and total amount of foreign investment was USD 57.8 million.^①

The focus of foreign investment in the district has gradually shifted from the secondary sector to the tertiary sector. The main areas of the tertiary sector that currently are employing foreign capital include real estate, financial leasing, business services and wholesale and retail trade.

Growth in tertiary sector use of foreign capital^②



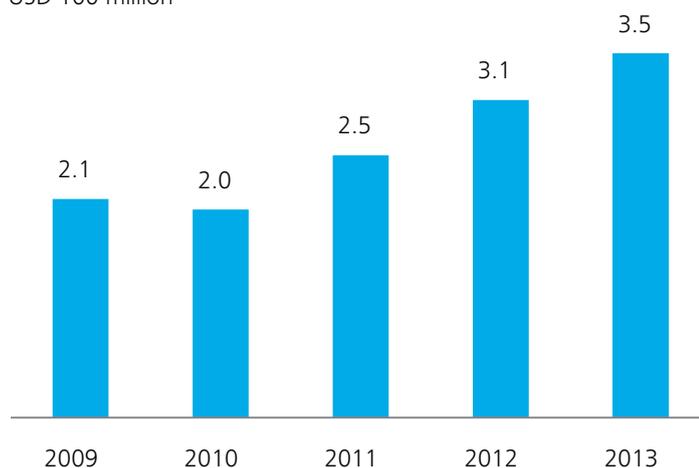
Well-known foreign enterprises operating in the district	
J.P. Morgan Asset Management	Hutchison Whampoa
Chevron China Energy Company	Samsung Electronics (China) R&D Center
Total (China) Investment Co. Ltd.	F&T Group
Beingmate Baby & Child Food Co., Ltd.	Emerson Network Power Co., Ltd.

Source:

- ① Report on Commercial Tourism Conference for Jianye District in 2014
- ② Research on the Promotion and Utilization of Foreign Capital Restructuring of Key Industries in Jianye District
- ③ National Economic and Social Statistics of Jianye District (2009-2013)

Employment of foreign capital in Jianye District, Nanjing: 2009-2013^③

Unit: USD 100 million



International events

Date	Event
November 2008	World Urban Forum 4
November 2009	12 th China-EU Summit
August 2013	2 nd Asian Youth Games
August 2014	2 nd Summer Youth Olympic Games

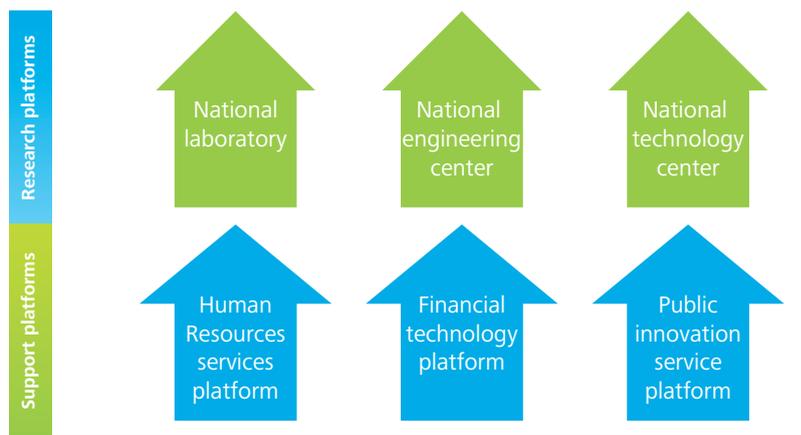
- The World Urban Forum 4 was held at the International Exhibition Center in Jianye District in 2008. Attendance was over 10,000, including politicians, experts and scholars from various disciplines, and high-profile business figures. More than 170 countries were represented.
- Jianye District hosted the highly successful 2nd Asian Youth Games in 2013. More than 2,600 athletes from 45 Asian countries and territories competed in 16 different events over the course of eight days.

3.4 Scientific Research

Major Hi-tech Achievements

In 2012, high-tech services in Jianye District were responsible for revenues of nearly RMB 2 billion. The high-tech industry generated an output value of RMB 2.38 billion, representing an increase of 19% over the previous year and accounting for 16% of the district's GDP. 1,333 patent applications were filed, 454 of which were for patents of inventions; 695 patents were granted, representing increases of 66.4%, 100% and 140.5%, respectively over the previous year and making Jianye District the city's current leader in this area.^①

Strong Drivers Promoting Scientific Research



Drivers of Scientific Research



Construction of Special High-Tech Carriers^②

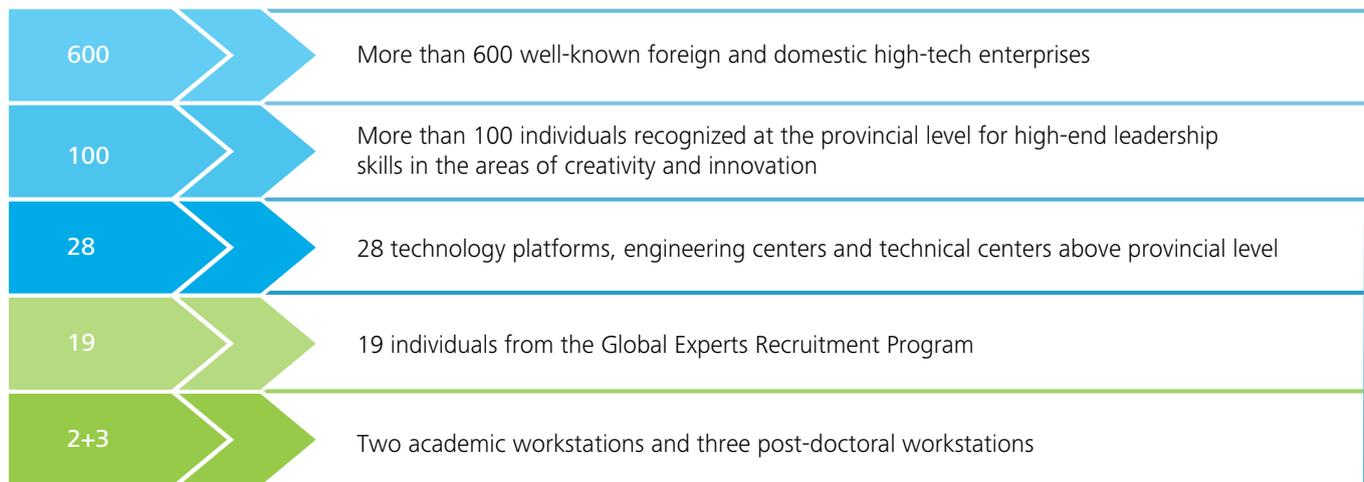
International Park for R&D Headquarters

Located in a high-tech park, it serves as an Industrial intermediary providing one-stop integrated R&D, office product and product demonstration services technology exchanges and a variety of services for R&D centers and corporate headquarters.

New Town International Business Incubator

Jointly developed by Nanjing Municipal Science & Technology Commission as well as New Town Science & Technology Park, Nanjing (located in the Sci-Tech Center) serving as provincial level incubator for Jiangsu Province. a total construction area of 32,000 m² and comprehensive service facilities.

New Town Science & Technology Park Research Base Strength^③



Source:

- ①. National Economic and Social Statistics of Jianye District, Nanjing (2012)
- ②. Official Website of New Town Science & Technology Park, Nanjing
- ③. Information provided by NJDRB

3.5 Business Facilities

Office Space

Jianye District has ample available high-end commercial office space. The district can provide a first-rate, comfortable and convenient working environment for all types of businesses. It is expected that over time an increasing number of businesses and professionals will be drawn to make the region their home.

Project ^①	Total Investment (RMB)	Total Construction Area
Walsin Centro (Under construction)	RMB 6.2 billion	1.04 million m ²
Nanjing World Trade Center (Under construction)	RMB 5 billion	430,000 m ²
Nanjing International Commerce Center (Under construction)	RMB 4 billion	370,000 m ²
Yurun International Plaza (Under construction)	RMB 2.2 billion	270,000 m ²
Sunny World Center Nanjing	RMB 1.4 billion	280,000 m ²
Golden Classic International Center	RMB 1.5 billion	230,000 m ²

Hotels

By the end of March 2014, 18 five-star hotels had been built in Nanjing. In addition, Jianye District has many more other high end hotels. These excellent facilities with convenient transportation to and from hotels provide Jianye District a good environment for business conferences and business tourism.^②

Source:

- ①. Official Website of Management Committee of Hexi Central Business District, Nanjing
- ②. Official Website of China Tourism Association
- ③. Website of the Nanjing International Expo Center

Nanjing International Expo Center

Nanjing International Expo Center, which (at about 360,000 m²) is the largest expo center in Nanjing, has three components: the exhibition hall, the conference center and the support facilities. The expo center has hosted a number of exhibitions such as the China International Marine, Port & Shipbuilding Fair, the Asia Outdoor Trade Show 2013, the China CNC Machine Tool Fair 2012 and the China Huaxia Housing and Furnishing Exposition, which have proved influential both within and outside China.

The expo center was recognized as one of China's Top 10 Exhibition Centers at the 2013 Annual Meeting of China's Convention & Exhibition Industry.^③

Long-term plans call for the development of the area around the expo center as an expo city and a continuing program of high-grade exhibitions, which should serve to attract top-level talent and a concentration of exhibition service providers.



Development Goals

During 2013, Jianye District hosted a wide variety of festival events and more than 1,500 exhibitions, including over 40 large-scale international and national exhibitions, such as the Taiwan Trade Fair, which attracted more than 4 million attendees. Construction of the planned Expo City is ongoing with a view to the venue ultimately becoming the Yangtze River Delta Convention and Exhibition Center.

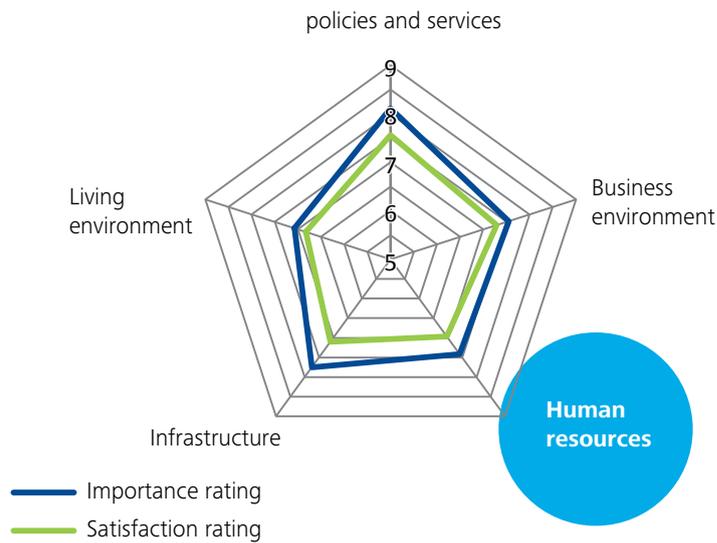
Upscale Hotels in Jianye District

Hilton Nanjing	Han Yue Lou Resort & Spa, Jiuhuashan
Jinling Riverside Conference Hotel Nanjing	Marriott Regal Huijin Center Hotel
Fraser Suites Nanjing	Fairmont Nanjing

4. Human Resources

4.1 Human Resources Research Summary

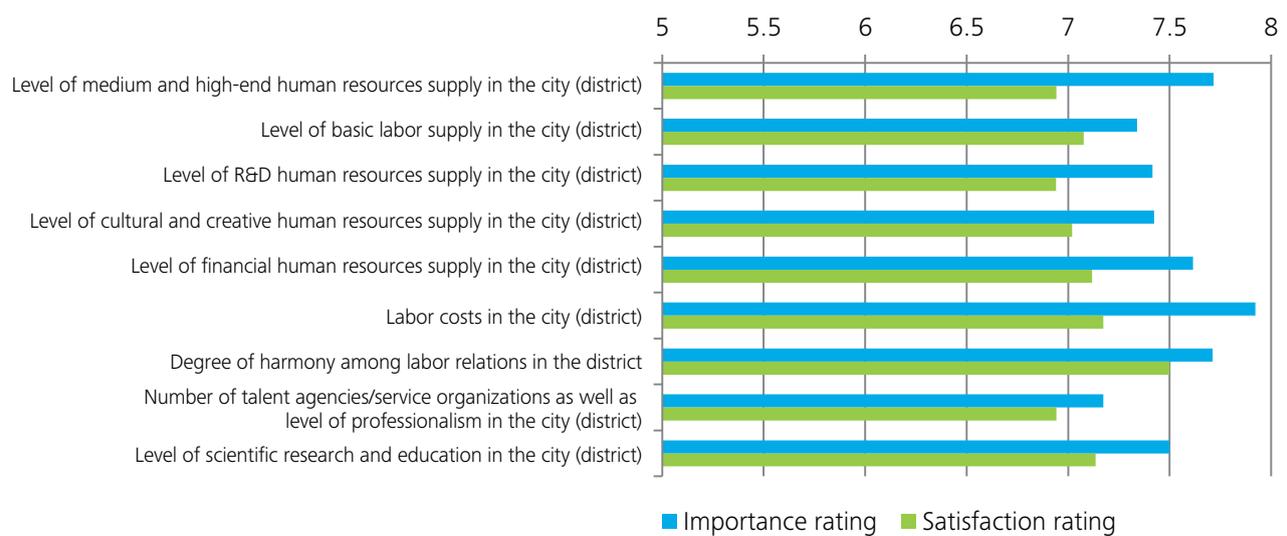
Levels of Importance/Satisfaction



Responses to Questionnaire

- Importance category scored 7.4 points (out of 9)
- Satisfaction category scored 7.4 points (out of 9)
- Respondents believe that the labor costs, the availability of medium and high-end human resources and the harmonious labor relations are most important
- Respondents are most satisfied with the harmonious labor relations and the level of scientific research and education

Breakdown of Importance/Satisfaction



4.2 Human Resource Supply

Sustainable Human Resource Pool

As one of Nanjing's principal main urban areas, Jianye District is able to leverage the city's outstanding educational resources and labor market to meet the needs of its various industries. Nanjing's human resource pool will be sufficient to meet all the district's labor requirements going forward.

Educational Resources

In 2012, Nanjing was home to 315,000 persons with higher education qualifications, including 209,000 undergraduates, 26,000 graduates and 8,000 continuing education graduates. In the same year, the city could boast 39,000 secondary vocational school graduates, 12,000 common vocational high school graduates, 8,000 graduates of vocational high schools for adults and 18,000 technical school graduates.

There were 63 regular higher education institutions in Nanjing, including 54 regular colleges and universities and nine higher education institutions for adults. In addition, the city had 60 secondary vocational schools, including 24 common vocational high schools, 28 technical schools and 8 vocational high schools for adults.

Recognized institutions of higher education in Nanjing (sample)
Nanjing University
Southeast University
Nanjing University of Post and Telecommunications
Nanjing University of Finance & Economics
Nanjing Medical University
Nanjing Tech University
Nanjing University of Aeronautics and Astronautics
Nanjing Audit University
Hohai University
China Pharmaceutical University

Source:
Statistical Report of Nanjing (2013)

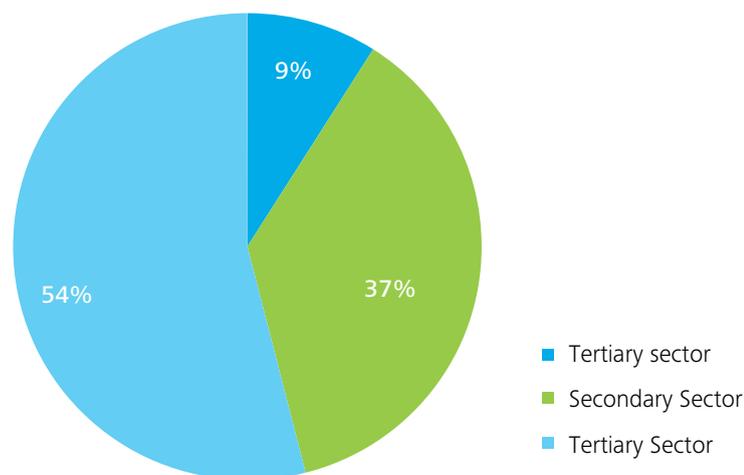
User experiences and products are very important to us. These require the best people to make both happen. Young employees here work practically and seriously with a high degree of corporate loyalty, technicality and English proficiency. At the same time, the cost of human resources is very competitive.

-Yodo1 (Nanjing) Co. Ltd.

Labor Structure

The structure of Nanjing's labor force is tailored to accommodate the needs of the three major industrial sectors. As the city's industrial framework continues to evolve, there has been a corresponding increase in the number of employees working in the tertiary sector, which, in 2012, accounted for 54% of the city's employees. During the same year, there were 176,000 employees in the science and technology field and 90,000 employees engaged in research and development.

Proportion of employees in Nanjing's three major industrial sectors (2012)



4.3 Human Resource Costs

Labor Costs

In 2012, the average disposable income of Nanjing residents reached RMB 36,322, of which wages accounted for RMB 26,521, representing a 10% increase over 2011.^①

Corporate social security obligations as a percentage of wages in Nanjing (2013)

Pension insurance	20%
Unemployment insurance	1.5%
Medical insurance	9%
Injury insurance	0.5%
Maternity insurance	0.8%
Housing fund	10%
Total	41.8%

Deloitte Perspectives

Over the last few years, enterprises have increasingly come to realize the importance of arranging in-house training programs for their employees: there has been a swing in the "talent management pendulum" from an emphasis on talent recruitment to an emphasis talent development. Deloitte believes that "Cutting-edge talent development must be combined with on-the-job learning, project arrangement, talent networking, formal education and training and personal experience in order to realize real behavioral changes that are consistent with business needs and objectives."

-From "Deloitte's Global Human Capital Trends 2013"

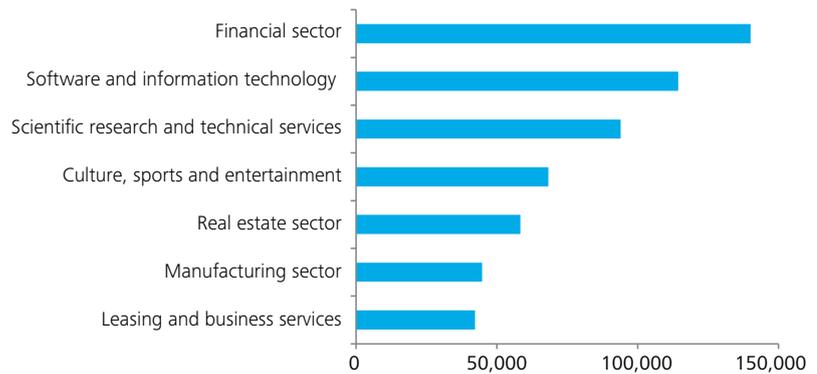
Costs of Social Security

Under Chinese law, enterprises pay social security contributions on behalf of their employees, including contributions for medical insurance and pension insurance.

In 2013, corporate social security obligations accounted for 41.8% of total wages in Nanjing.^②

2012 average annual wage for various industries in Nanjing^③

Unit: RMB



Source:

- ① Nanjing Municipal Human Resources and Social Security Bureau
- ② Statistical Report of Nanjing (2013)
- ③ Statistical Report of Jiangsu (2013)

5. Infrastructure

Introduction

A well-developed infrastructure is both a prerequisite for the ability of enterprises to operate efficiently and a cornerstone of the long-term stable, sustainable development of an industrial district.

Jianye District, Nanjing has an excellent transportation network and a well-established urban infrastructure. The city is conveniently connected to the surrounding area via the Shanghai-Nanjing-Hangzhou one-hour economic circle. Nanjing's accessibility has helped to facilitate both the integrated development of Nanjing in the Yangtze River Delta and the movement of industrial elements within Jianye District.

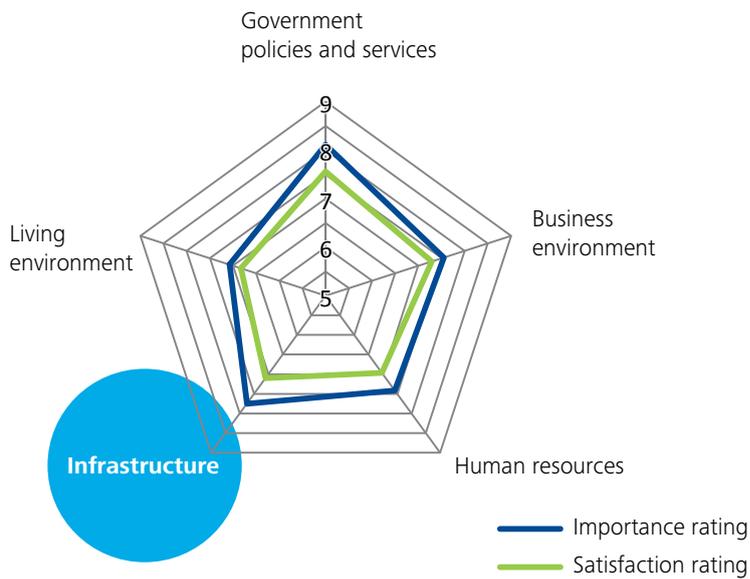
With its spacious roads, convenient subways and excellent transportation facilities, we feel very satisfied with the infrastructure of Jianye District, especially the stability of the power supply and the warm-hearted property management service within the park. This eases all our worries in our business operations.

-Jiangsu Original Force Computer Animation Co., Ltd.



5.1 Research Summary of Infrastructure

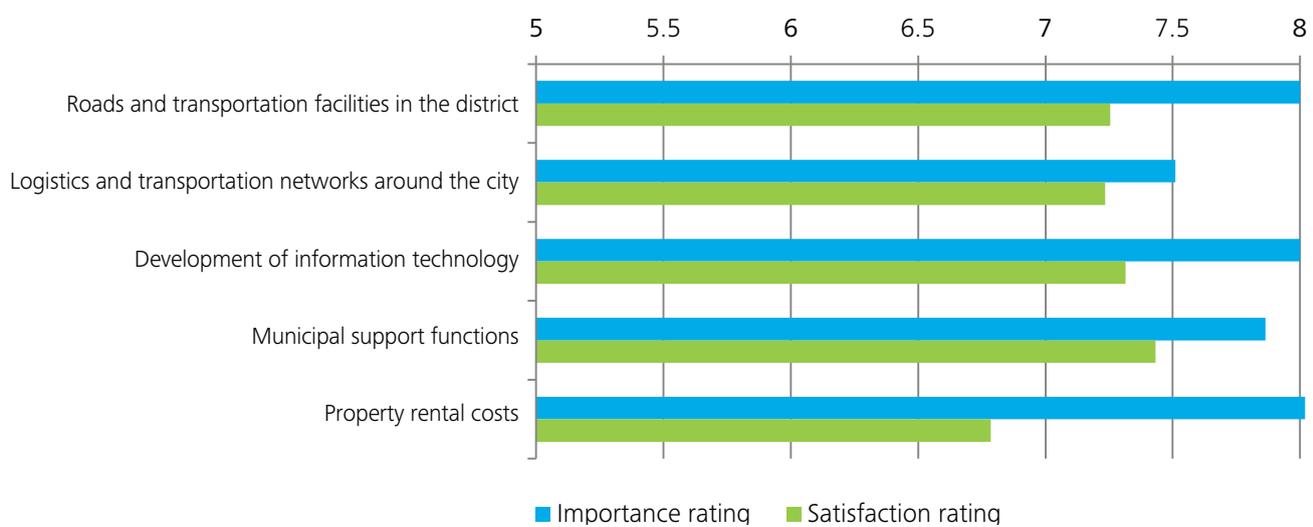
Levels of Importance/Satisfaction



Responses to Questionnaire

- Importance category scored 7.8 points (out of 9)
- Satisfaction category scored 7.1 points (out of 9)
- Respondents believe that the property rental costs, roads and transportation facilities and the development of information technology are most important
- Respondents are most satisfied with the municipal support functions, the development of information technology and roads and the transportation facilities

Breakdown of Importance/Satisfaction



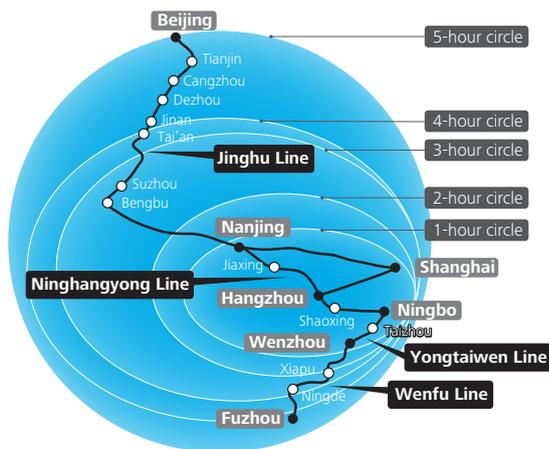
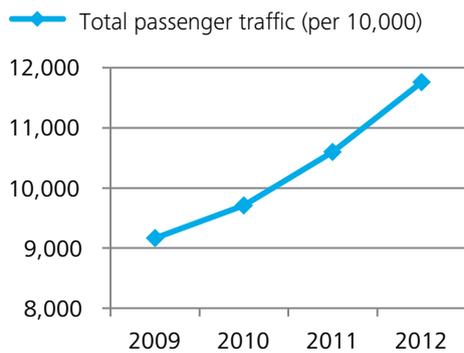
5.2 Logistics Network

Railway Transportation

Nanjing has a well-developed railway network with four main railway stations, including Nanjing South Railway Station, about a 10-minute drive from Jianye District, which allows access to eight high-speed railway lines. Nanjing has thus become an important transportation hub for the many surrounding cities of eastern China.

Main transportation hub	Distance from Jianye District
Nanjing South High-Speed Railway Station	10 minute drive
Nanjing Railway Station	15 minute drive
Nanjing Port	20 minute drive
Nanjing Lukou International Airport	30 minute drive

Total number of railway passengers in Nanjing by category for 2009-2012^①



Road Transportation

Nanjing is an important hub for national-level roads. Four national highways and five national-level expressways intersecting in Nanjing connect the city with a number of major cities, such as Beijing, Shenzhen and Shanghai.

Waterways

Nanjing Port is one of China's most important river ports and a hub for land and water transportation in the Yangtze River Delta and out to sea. Nanjing Port's location gives it access to the Yangtze River, which in turn runs into the East China Sea. Nanjing Port is now a large container port operating in parallel with Shanghai along the Yangtze River. At the end of 2012, the port had 316 available berths, including 52 ton-capacity berths. Annual cargo throughput was 1,954,170,000 tons.^②

Air Transportation

Nanjing Lukou International Airport is a 30 minute drive from Jianye District. Phase two of Nanjing Lukou International Airport, which is being built to 4F airport standards, will be completed in 2014. Upon completion, Nanjing Lukou International Airport will become a major air transportation hub and the busiest international airport in Jiangsu Province and Anhui Province.^③

Source:

① Statistical Report of Nanjing (2013)

② 12th Five-Year Development Plan for Transportation in Nanjing

③ Under standardized conditions, a 4F-class airport refers to an airport having a runway with a length of 1,800 meters, allowing take off and landing of aircraft with wingspans in the 65m to 80m range and outer main gear wheel spans ranging from 14m to 16m.

5.3 Urban Transportation

"Green" Commuting

Nanjing will continue to improve its urban public transportation facilities to support the growing needs of the economy. Jianye District promotes the development of modes of transport that are low-carbon, green, efficient and intensive in the context of the sustainable development of the transportation infrastructure.

Subway Lines

Nanjing's main railways consist of subway lines 1 and line 2, which intersect in Jianye District. As planned, a new subway line, line 10, is expected to open in 2014. At the same time, another subway line, line 7, is at the planning stage, and construction of phase one for the intercity line connecting Nanjing to He County has already begun. Upon their completion, these lines should significantly ease local residents' commuting concerns.

At the end of 2012, total railway line length in operation in Nanjing was 85 km, with 1,125 standard operating units serving 343.7 million passengers.^①

Tramway

A tramway will open in Jianye District in 2014. There will be four subway transfer stations that will significantly supplement railway transportation.



Public Bicycles

Jianye District encourages a variety of green modes of transportation, for example, providing its residents with more than 4,000 public bicycles.

Source:
 Official Website of Jiangsu Province Bureau of Statistics
 Statistical Report of Nanjing (2013)
 Guidelines from Nanjing's 12th Five-Year Plan on Transportation Information

Bridges, Tunnels and Transportation

The Yangtze River Tunnel, Jiajiang Bridge and the Yangtze River Bridge, which cross Jianye District, are connected to seven other bridges in Nanjing that cross the river and facilitate closer relationships with surrounding cities.

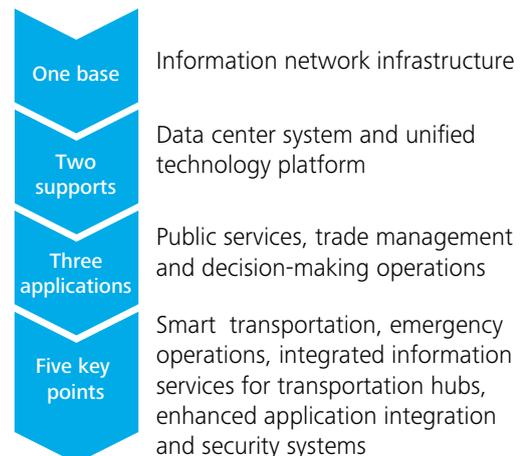
In addition, in the context of its bid to host the 2014 Youth Olympic Games, Jianye District has just completed a large-scale overhaul of its highways and other facilities. The overhaul included the expansion and repair of a number of existing roads, which improved urban traffic conditions and enhanced the district's competitiveness as an urban venue.

"Smart" Traffic Information

Nanjing is actively developing a smart traffic information system. The intention is to build an integrated information system utilizing cutting-edge technology to address the challenges of providing a modern transportation network.

The information technology employed in developing a smart public transportation system for the city combines a variety of media, such as guiding service stations, SMS, Internet and automotive devices. The system will be able to provide a range of transportation tips and other traffic information for city residents.^②

Planning requirements for Nanjing's transportation information technology



5.4 Basic Urban Infrastructure

Land Supply

Jianye District has the relatively abundant land resources necessary to a rapidly developing urban area. As the precise direction in which Nanjing's future development is to unfold comes into clearer focus, the guaranteed land supply for future construction within Jianye District will be critical for attracting investment and sustaining existing businesses.

Water and Electricity Supply

Jianye District has a stable supply of water and electricity sufficient to satisfy the operational needs of all businesses established in the district. Indeed, its proximity to the river gives it a unique advantage as regards the availability of water resources.

Jianye District also is committed to further optimizing the organization of its power grid to increase its supply of available energy with a view to providing reliable power resources for a new round of economic development and urban construction.

Information and Communication

The degree to which information and communication is developed is a significant yardstick for assessing the progress of a "smart city." Within Nanjing, there is wireless broadband, 3G coverage and 4G coverage. This coverage is provided in a number of districts, in particular, Jianye District.

Nanjing was one of the first cities in the country to build a 4G trial network. Since 2012, Nanjing has set up 1,910 new 4G communication points, with the ultimate goal of establishing more than 20,000 4G communication points.^①

Green and Low-Carbon Municipal Facilities

The ground transportation system with permanent connections to an underground transportation network that is being planned in the context of the continuous development of the Southern Hexi Functional Area will make use of green, low-carbon, eco-technology and advanced materials. When completed, the system will have commercial and residential application, creating a single "municipal complex" with integrated commercial centers and energy centers. The district will also leverage existing heating and cooling energy systems to create a "pipeline" system.

Nanjing City water prices for 2012^②

Category	Water price (RMB/m ²)
Organizations, groups and institutions	1.52
Business services	1.67
Special industries	2.65

Nanjing City industrial electricity prices for 2012^②

Category	Power price list (RMB/kWh)					
	Under 1KV	1 to 10 kV	Between 20 to 35 kV	Between 35 to 100 kV	110 kV	220 kV and above
Electricity consumption by general business sector and others	0.882	0.867	0.861	0.852		
Electricity consumption by large-scale industry		0.667	0.661	0.652	0.637	0.622

Source:
China Information Network
Official Website of the People's Government of Jiangsu Province
Jiangsu Province Price Bureau from the 11th Five-Year Plan on the Tariff Reform Program Approved in Nanjing
Provincial Price Bureau for Jiangsu Province on the Issuance of Sales Price Table for the Power Grid

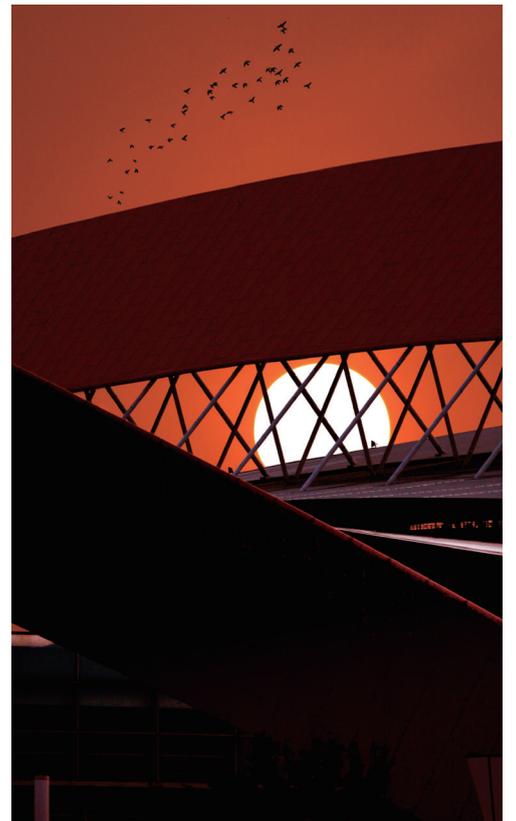
6. Living Environment

Introduction

The pre-requisites for an attractive urban living environment include the availability of educational facilities and medical services, a thriving cultural scene and a pleasing natural landscape. The health, comfort and safety considerations that impact people's everyday lives will inevitably affect their choices as to where to live and work.

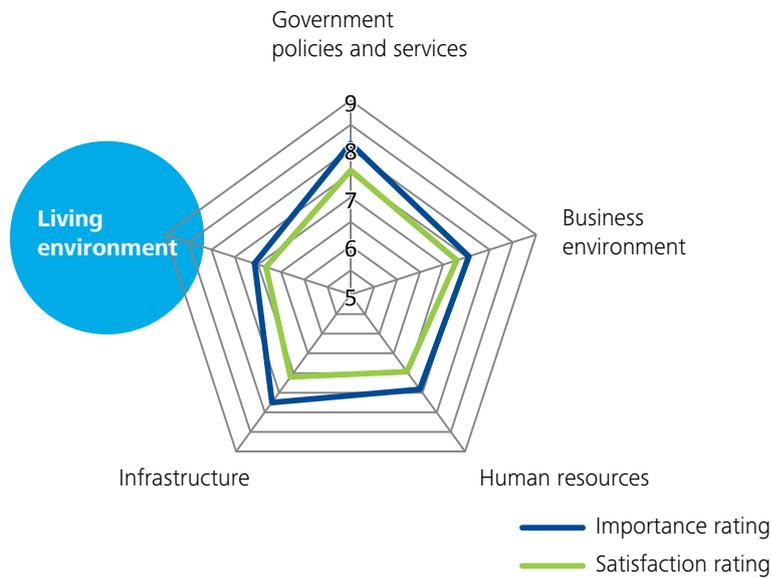
Jianye District is able to offer a wealth of educational and medical resources. The district is constantly improving its living environment in order to meet modern urban construction standards and has been successful in attracting both domestic and foreign employees to live and work there. This process has in turn been the catalyst for a new round of urban development.

- For five consecutive years, Nanjing has received "China's Happiest City" award
- In 2012, Xinhua News Agency named Nanjing China's Happiest and Most Livable City
- Nanjing was one of the first group cities in Jiangsu Province to be recognized as a National Civilized City
- In 2008, Nanjing received a special award from UN Habitat



6.1 Living Environment Research Summary

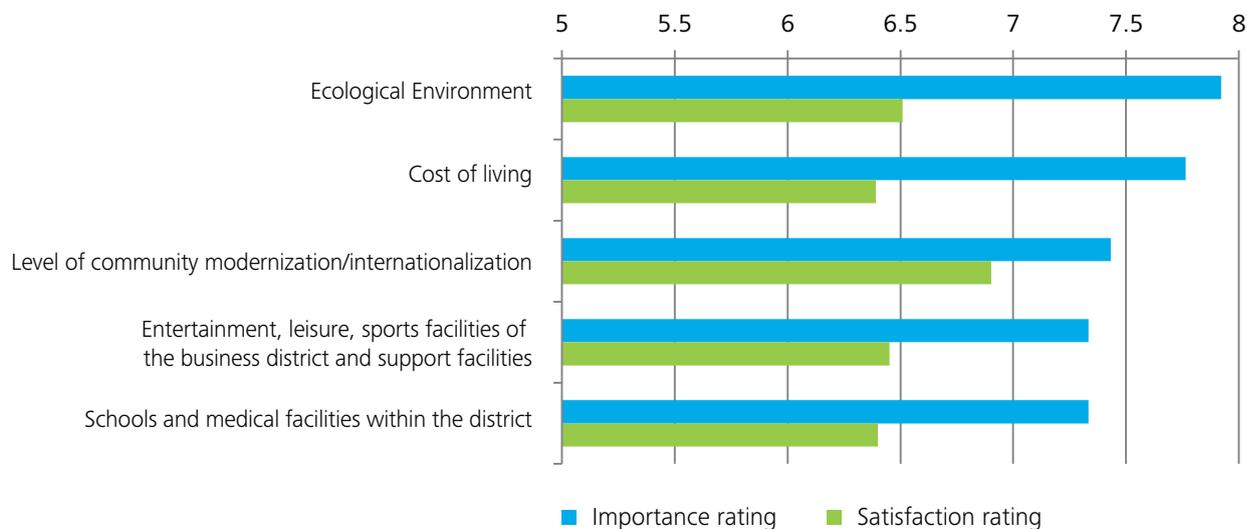
Levels of Importance/Satisfaction



Responses to Questionnaire

- Importance category scored 7.1 points (out of 9)
- Satisfaction category scored 6.8 points (out of 9)
- Respondents believed that the ecological environment, the cost of living and the level of community modernization and internationalization were most important;
- Respondents were most satisfied with the level of community modernization and internationalization, the ecological environment and the entertainment, leisure, sports facilities of the business district and support facilities

Breakdown of Importance/Satisfaction



6.2 Livable Environment

Climate and Environment

Nanjing has a humid subtropical climate with monsoons. It has four distinct seasons and mild temperatures with an average temperature of 15.9°C. Nanjing has an abundance of rainfall with an annual average rainfall of 117 days and 1,106.5 mm. ①

International Residential Community

Within Jianye District, there are public support facilities, hospitals, schools and large shopping centers. In addition, there is a central park as well as luxury residences, which create a good environment for business, residence and leisure.



“Green” Ecological Environment

At the end of 2012, the Nanjing city center had a total green area of 21,908 hectares, and a green coverage rate of 44.6%. In 2012, Jianye District had a planned public green space per capita of 14.2 m². In 2015, the park's green space per capita will be increased to 20 m². ②

Source:

- ①. The Official Websites of the China Meteorological Administration and the National Meteorological Information Center
- ②. System Planning for Green Space in Nanjing (2013-2020)

Culture, Arts and Leisure

Nanjing's comfortable and safe living environment was one of the key factors to organizing the Youth Olympic Games in 2014. The Youth Olympic Games is another integrated and international sports event hosted in the country after the Olympic Games in Beijing. To date, it is the highest standard sporting event ever to be hosted in Nanjing. The Olympic Stadium will be located in Jianye District as the main venue for the Youth Olympic Games. Here, outstanding young athletes from all over the world will gather to compete. This event highlights Jianye District's advantageous living environment even further.

In addition to the Olympic Sports Center, Jianye District is also home to the Jiangsu Provincial Grand Theater and the Science, History and Cultural Center of Jiangsu Province. Furthermore, it also has the Jinling Library as well as other recreational culture sites. Many events and activities are regularly organized within the district, which envelops Jianye District with a deeply artistic and cultural

Yangtze River Delta Culture and Sports Center

Jianye District is committed to enhancing the city with cultural and recreational features. Thus, the district has constructed a culture and sports center in the Yangtze River Delta that has successfully hosted the 10th National Games and the first China International Green Exposition. In August 2014, the Youth Olympic Games will also be held in Jianye District. With the continued improvement of sporting facilities and a series of major international events held in Jianye District, it will serve as a center for sports and culture within the Yangtze River Delta, thus continuing to draw attention from around country and the world.



6.3 Education and Healthcare

Education

At the end of 2012, Jianye District had 68 primary and secondary schools, including senior high, junior high and primary schools and kindergartens to meet the needs of students of all ages. Specifically, the district had 36 kindergartens, 17 primary schools and 15 secondary schools.^①

Well-known schools, such as Jinling High School, the High School Affiliated to Nanjing Normal University, Nanjing Foreign Language School and Nanjing Zhong Hua High School, have campuses in Jianye District.

International School

As well as developing its basic education resources, Jianye District is focusing on diversified higher education.

- **Eton House International School**

Established in 2009, Eton House International School is designed to provide an international education to foreign students from kindergarten through pre-university grades. The diverse provenance of its faculty members (Europe, and America as well as the Asia-Pacific region), ensures that the school can provide high-quality international coursework to meet the educational needs of students from varying backgrounds.



Source:

① National Economic and Social Statistics of Jianye District, Nanjing (2012)

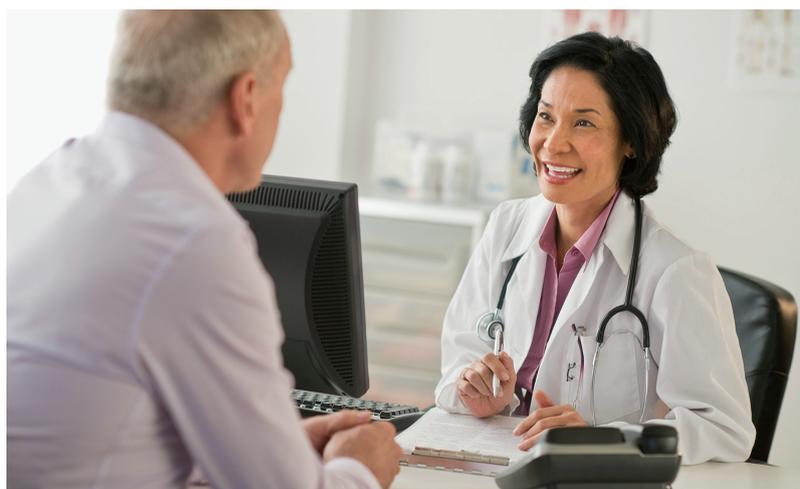
② JCI standards are medical service standards recognized worldwide and represent the highest level of hospital services, as well as hospital management. The World Health Organization also has a recognized certification mode.

Medical Resources

With three 3A hospitals, Jianye District ranks third overall in Nanjing. In addition to these three hospitals the district has 100 medical institutions, providing residents with a full range of healthcare services.

Medical resources in Jianye District^①

3A Hospitals	Medical institutions	Number of beds	Practicing physicians
3	100	1,645	846



Foreign Medical Institutions

- **BengQ Medical Center**

The BengQ Medical Center is an advanced medical facility set in attractive surroundings with more than 200 Chinese and foreign specialists providing high-standard medical and nursing care.

- **Hexi New Town International Hospital (Planned)**

This hospital will follow international JCI medical certification standards and will be set up to provide medical treatment for the expatriate community. Services will be provided in English for expatriates and the hospital will be equipped with an international settlement system to manage medical insurance.^②

6.4 Cultural Landscape

Nanjing has a history stretching back more than 2,500 years, for 500 of which it was a capital city. Known as the "Capital of Six Dynasties," Nanjing is one of China's four ancient capitals. Its long history as the political and cultural center of southern China have endowed Nanjing with a wealth of cultural and historical relics, making it a key national tourist destination and China's premier first historical and cultural city.

Mochou Lake Park

Mochou Lake Park has a 1,500-year history with rich cultural resources and classical gardens in the South River. Since ancient times, it has held the reputation as "The First of 48 Jinling Sceneries." Chinese weeping willows and Asiatic apple trees grow throughout this park, creating a picturesque scene. Furthermore, its lakes ripple with blue waves whenever the wind blows.



Nanjing Green Expo Garden

Nanjing Green Expo Garden is located along the riverside of Hexi, New Town. In October 2005, it has served as the main venue for the first China International Green Expo, which was hosted in Nanjing.



Yunjin (Brocade) Museum

Yunjin (or brocade) has been a mark of royal status since ancient times. The Yunjin tradition extends back over 1,500 years and the hand-weaving skills required to create it are unique to of China's. Nanjing's Yunjin museum is a cultural treasure and an application for recognition as a world cultural heritage site has been submitted.

Summary

This report was prepared using qualitative and quantitative studies, field reviews, interviews with company representatives and a questionnaire. Based on this analysis of the investment environment of Jianye District, the three most attractive features of the district are the following:

1. Efficient and service-oriented government

The Jianye District government is committed to fostering a services-oriented climate, to introducing innovative tax and nontax policies to enhance its services, and to ensuring that investors can operate in a high-quality environment. The government has a deep understanding of its leading industries and is committed to ensuring that enterprises have access to comprehensive services, including a range of "one-stop" services. The government's pragmatic focus will ensure an efficient and transparent administrative environment.

2. Maturing business environment

Jianye District regards the modern services industry as central to its evolution, and is using a scientific and sustainable approach to regional development and to attracting high-value added enterprises. To this end, the district is promoting the use of technology to further improve and optimize the existing industrial infrastructure. The focus on developing the "five major centers" will create a solid foundation for

attracting more enterprises to set up in the district. At the same time, the high-quality educational resources and abundant labor supply ensure that enterprise human resource and business development requirements within Jianye District can continue to be met. In addition, the district's hosting of the "2nd Summer Youth Olympic Games," will substantially enhance its visibility on the international stage. The Jianye District government is thus set to open a new chapter in its development with enterprises operating in a cooperative international business environment.

3. Cutting Edge Infrastructure

The district has a well-established urban infrastructure and a variety of modern urban features, including large-scale shopping centers, prime office buildings and a first-class commercial center. Jianye District has the relatively abundant land resources necessary to a rapidly developing urban area, which will be critical for attracting further investment and sustaining existing businesses.

Jianye District's achievements in municipal construction and economic development are readily apparent and the influence of the district continues to expand. The economic climate in China and abroad will create both opportunities and challenges for Jianye District, but it will be able to rely on its regional plan, preferential policies and comprehensive government services to drive economic development and enhance its ability to attract investors across a range of industries.

Deloitte would like to thank the People's Government of Jianye District, Nanjing, NJDRB, the Bureau of Commerce of Jianye District, as well as various industrial function zones, for their support in sharing information for purposes of this report, as well as the enterprises in Jianye District for participating in our research and interviews and sharing their valuable insights.

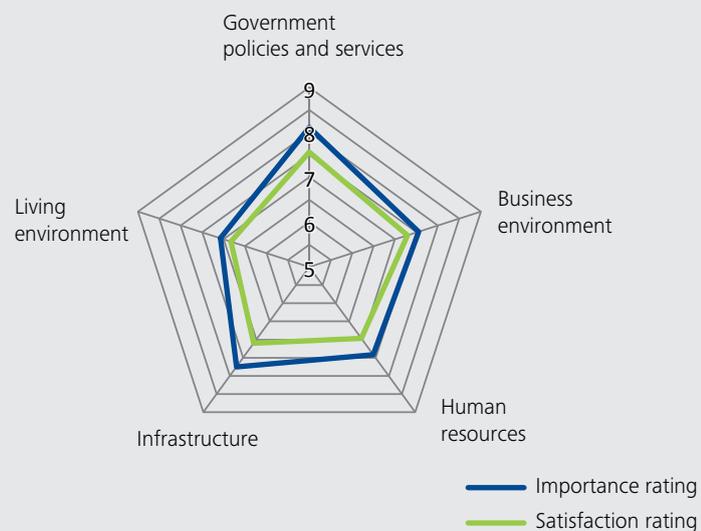
Research Summary on the Satisfaction and Importance of the Investment Environment

Respondents believe the three most satisfying aspects of the investment environment in Jianye District are:

- Government policies and services
- Business environment
- Infrastructure

Respondents believe the three most important factors of the investment environment in Jianye District are:

- Government policies and services
- Infrastructure
- Business environment



Appendix

1. Registered capital and total investment of foreign-invested enterprises
2. Main taxes applicable to foreign-invested enterprises

Appendix I: Registered capital and total investment of foreign-invested enterprises (FIEs)

Capital Contributions

Foreign investors can contribute capital with freely exchangeable foreign currency or tangible/

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

law. Shareholders that fail to make full payment of their capital contributions are jointly and severally liable for that amount to the company and other shareholders, as well as to creditors if the company is unable to pay its debts.

Proportion of Total Investment and Registered Capital

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



Contribution Requirements

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

Shareholders must fully pay their subscribed capital contributions as stipulated in the company's articles of association. Cash contributions must be deposited in the company's bank account. Noncash contributions must be made in compliance with the

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

Source:

Rules for the Implementation of the Law of the People's Republic of China on Foreign-Funded Enterprises (State Council Order No. 301 (2001))

Company Law of the People's Republic of China (Chairmen's Order No. 8 (2013))

Provisional Regulations for the Proportion of Registered Capital to Total Amount of Investment of Joint Ventures Using Chinese and Foreign Investment (State Administration for Industry and Commerce No. 38 (1987))

Appendix II: Key taxes applicable to foreign-invested enterprises

Income Tax	Taxable Scope	Tax Rate
Corporate Income Tax	Resident enterprises are subject to corporate income tax on their worldwide income. Nonresident enterprises are taxed on their China-source income and income related to their offices and/or facilities maintained within China.	Statutory tax rate: 25% Tax rate for small low-profit enterprises: 20% Tax rate for high and new technology enterprises: 15% Withholding tax rate: 10%
Individual Income Tax	Individuals who are domiciled in China or who do not have a domicile but have lived in China for at least one year are taxed on their worldwide income. All other individuals are taxed only on their China-source income. There are 11 types of income, including salary and labor compensation.	Statutory tax rate: 3%-45%
Turnover Tax	Taxable Scope	Tax Rate
Value Added Tax	VAT is levied on any person and/or organization engaged in the sale of goods, the provision of processing, repair and/or replacement services, and/or the import of goods within China, and the provision of transportation and modern services within the VAT pilot reform areas.	Statutory tax rate: 0%, 6%, 11%, 13%, 17%
Consumption Tax	Consumption tax applies to entities that produce, engage other contractors to process, import or sell 14 categories of consumer goods (cigarettes, wine, cosmetics, etc.).	Ad valorem rate: 1%-56%
Business Tax	Business tax is imposed on entities engaged in activities involving immovable property and intangible assets that are not subject to VAT.	Statutory tax rate: 3%-20%
Duty	The consignees of imported goods, consignors of exported goods and owners of any product brought into China are subject to custom duties.	Various
Other Taxes	Taxable Scope	Tax Rate
Deed Tax	Deed tax is imposed on the transferee of real property, calculated as a certain percentage of the total value of the property.	Statutory tax rate: 3%-5%
Real Estate Tax	The owner of real property located in urban areas is subject to the real estate tax, based on the assessed or rental value of the property.	Statutory tax rate (assessed value): 1.2% Statutory tax rate (rental value): 12%
Land Value Increment Tax	Land value increment tax is levied on the transfer of state-owned land and/or architectural buildings and fixtures, depending on the gain realized.	Statutory tax rate: 30%-60%
Stamp Duty	Stamp duty is levied on prescribed documents and taxable vouchers.	Statutory tax rate (As per the amount on the voucher): 0.005%-0.1% Stamp duty per document: CNY 5

Main government agencies for investment services in Jianye District

Jianye District Investment Center

Add: New Town Building, 269 Middle Jiangdong Road, Suite 1615, Jianye District, Nanjing, Jiangsu Province

Tel: +86 (25) 8777 8458 / +86 (25) 8777 8292 / +86 15805156886

Website: www.njjytz.gov.cn

Management Committee of New Town Science & Technology Park

Add: New Town Science & Technology Building, 69 Olympic Avenue, Building 01, Nanjing, Jiangsu Province

Tel: +86 (25) 8680 0133

Management Committee of Hexi Central Business District, Nanjing

Add: Xindi Center, 188 Lushan Road, Fl. 42, Nanjing, Jiangsu Province

Tel: +86 (25) 8777 8937

Jiangdong Commercial Area Administrative Committee

Add: 71 Yunjin Road, Jianye District, Nanjing, Jiangsu Province

Tel: +86 (25) 6852 3200

Management Committee of Sino-Singapore Nanjing Eco Hi-Tech Island

Add: 269 Middle Jiangdong Road, Nanjing, Jiangsu Province

Tel: +86 (25) 8777 8771

Key contacts at Deloitte

Deloitte Shanghai

Bund Center, 222 Yan An Road East, Fl. 30, Shanghai, P.R.C.



Vivian Jiang

Partner

Tel: +86 21 6141 1098

Fax: +86 21 6335 0003

Email: vivjiang@deloitte.com.cn



Jeff Xu

Partner

Tel: +86 21 6141 1278

Fax: +86 21 6335 0003

Email: jexu@deloitte.com.cn



Eddie Yan

Senior Manager

Tel: +86 21 6141 1097

Fax: +86 21 6335 0003

E-mail: eyan@deloitte.com.cn



Cynthia Xu

Manager

Tel: +86 21 6141 1303

Fax: +86 21 6335 0003

Email: cyntxu@deloitte.com.cn

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