

Cityscape Wuhan

**A sectoral research and
investment report**

by

China Economic Indicator



Understanding China's Economic Indicators



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2 Cityscape

For years, investment opportunities in China seemed restricted to bustling coastal cities like Shanghai, Shenzhen, and Guangzhou. The Chinese hinterland—where the bulk of the world's largest population resides—received comparatively little attention.

Nearly a decade into the 21st century, the situation in China has changed. Previously emerging markets on the east coast have become increasingly saturated, leading savvy investors to look elsewhere. Meanwhile, infrastructure investment and favourable economic incentives have transformed China's vast hinterland, opening up opportunities in cities most investors previously never knew existed.

Most investors know that inland China has tremendous economic potential. What most people don't understand are the practical mechanics of accessing these increasingly vibrant engines of growth.

Cityscape, a groundbreaking series of essential investment profiles, collaboratively developed by **CIG** and **China Economic Indicator**, provides investors with the knowledge vital to penetrate cities that will form the frontline of global growth over the next decade.

Cityscape provides:

- Comprehensive data and in-depth analysis on every aspect of the cities economy; from workforce educational levels, average wages, retail price indices, housing market trends and environmental legislation, to favoured industries, tax breaks, and natural resources
- Up-to-date analysis of each city's infrastructure, planned improvements to physical infrastructure, economic structure, and investment opportunities
- Thorough yet accessible guidance on how to establish a company presence
- Bilingual contact data for government offices, schools, hospitals, and much more.

The first city profiled is Chengdu—capital of south-western China's Sichuan Province. A bustling city in the heart of the country, Chengdu has emerged as a centre for high-tech research and development, earning it the moniker of "China's Silicon Valley". Investment opportunities abound in the city, linked by road, rail, and air to destinations across China and overseas.

The second city in the series is Wuhan—central China's largest metropolis and a city at the nexus of China's transport network. Once billed as the "Detroit" of China due to its massive auto manufacturing industry, Wuhan has reinvented itself for the 21st century as an environmentally-friendly venue for high-tech investment.

Cityscape cities include: Chengdu, Wuhan, Chongqing, Xi'an, Taiyuan, Lanzhou, Urumqi, Baotou, Kunming, Changsha, Harbin, Nanning, Zhengzhou, Changchun, and Shenyang.



3 China Economic Indicator

China Intelligence Online gathers business intelligence and provides analysis as well as general business services for international organisations working or interested in the Greater China and East Asia markets. Business services include company establishment, customised research, sales and marketing, and client representation.

Our researchers and analysts collectively have decades of experience on the ground in Mainland China, both living and working; not just in the developed east, but throughout the vast hinterland that represents the real opportunities in the coming decades.

In addition, all of our researchers and analysts, Western and Chinese, are fluent and literate in both Mandarin Chinese and English.

China Economic Indicator can help you understand the most dynamic and challenging market in the world as well as provide strategic, on the ground practical assistance in entering the market either through translation, relationship building, company incorporation, market research, or sales and marketing.

Previous clients have included the Terminal Operators Conference (TOC), Transport Intelligence, and Airline Cargo Management, Informa publications such as Cargo Systems and International Freight Weekly, China Federation of Logistics and Purchasing (CFLP) and the China Ports and Harbours Association, among others.



4 City Snapshot

For much of the history of the People's Republic of China, Wuhan was known for its heavy industrial production - so much so that it acquired the nickname 'China's Detroit' due to its prodigious automobile manufacturing industry.

Unfortunately, like its American counterpart, Wuhan's star fell during the latter part of the 20th century. As foreign investment dollars poured into China's coastal cities, Wuhan languished under the weight of its inefficient state-owned industries. To make matters worse, Wuhan was eclipsed by interior Chinese cities like Chengdu and Chongqing; the latter two benefitting from China's 'Go West' drive that began in the late 1990s.

Since the dawn of the new century, though, the tide has turned decidedly in Wuhan's favour. A 2004 proclamation by Premier Wen Jiabao calling for the 'Rise of Central China' focused attention on the city; inarguably the region's largest and most economically significant.

Suddenly, a Wuhan once known as a sclerotic heavy manufacturing base reinvented itself as a centre for both high-tech and environmentally friendly innovation. In addition, the city's location at the centre of China's transport map has presented significant advantages to companies in need of efficient road, rail, air, and inland waterways transport.

Certainly, Wuhan still faces stiff competition from other cities dotting the Chinese hinterland. Chengdu and Chongqing also boast fine logistics solutions, while cities such as Zhengzhou can match Wuhan's impressive standards in tertiary education. In terms of Foreign Direct Investment (FDI), Wuhan still lags behind coastal cities that have immediate access to sea ports. In an export-driven economy like China's, Hubei's capital still faces its inevitable limitations.

Nonetheless, Wuhan has pushed forward with ambitious proposals intending to raise its profile among foreign investors. Chief among these is its plan to form a 'city cluster' with eight other cities in Hubei in an effort to form an industrial base to rival China's Yangtze River Delta, Pearl River Delta, and Bohai Bay regions. Plans to boost road and rail infrastructure among these cities will ensure that goods emerging from central China will no longer suffer the drawbacks of region's traditional isolation.

Wuhan's reputation as a hot, sweltering city with a lumbering economy may take years to overcome. However, while other cities have gotten more attention, this Yangtze River town has emerged as a venue ripe with opportunity for savvy investors.

"Strong science and technology resources and talent reserves in Wuhan are a favourite with Taiwan investors"

Luo Huajia
Vice General-Secretary of the
Taiwan Area Machinery
Electronic Area Trade Association



5 Overview

5.1 Doing Business in China

Since the launch of market reforms in 1978, China has stunned the world with its breakneck economic growth, infrastructure development, and integration into the global economy. Foreign investors, eyeing China's billion-plus population, have been keen to gain access to the world's largest potential market and have wanted their share of the ever-expanding pie.

Investor interest surged further when the Chinese government introduced the option of wholly owned-foreign enterprises (WOFEs). Previously, foreign investors keen to enter the Chinese market could at most form joint-ventures with Chinese partners, who held a majority share. Foreign firms are now largely free to enter the market independent of Chinese partners, an opportunity immediately grasped by a variety of enterprises, big and small.

Initially, cities dotting China's coast were the engine of the country's economic growth while the interior lagged far behind. Market reforms were initially focused around five special economic zones or SEZs; the most famous of which was Shenzhen, in Guangdong Province. As opening up and reform continued, prosperity spread further north along the coast.

In the late nineties, the Chinese government grew increasingly concerned that economic inequality between the coast and interior was too large and represented a potential threat to social stability. In 1999, President Jiang Zemin subsequently launched the Western 'Go West' policy; a series of economic incentives and development strategies meant push the economy and entice firms to invest inland

Dealing with "Face"

One of the best known yet most widely misunderstood concepts about Chinese culture is that of "face". Many Western business people in China fret about causing a business partner to "lose face" without fully understanding what it means.

At a most basic level, maintaining face means avoiding situations that result in public embarrassment or disrespect. While this concept also exists in the West, the Chinese are particularly aware of these types of situations.

In general, Chinese people are loath to voice questions or comments in a public setting, even when solicited during a presentation. Most of the business people you encounter will prefer to wait until face-to-face meetings before exchanging ideas.



Wining and Dining, Chinese Style

Many Westerners discover on their first business trip to China that a spirited round of drinks and dinner precedes any formal discussion of the business at hand.

While the Chinese are deservedly famous for their hospitality, these social gatherings serve more purposes than to simply introduce you to the country.

Many Chinese business people believe that an evening out with prospective clients helps them gauge important matters such as character.

There is no need to engage in the same level of drinking or eating as your Chinese hosts. However, it is important to hold off on direct business discussions before social pleasantries occur.

Eager as you may be to get to the point, enjoying the social gathering works far more to your advantage. Key impressions are often made at the banquet table.

one of the top cities for IT network infrastructure and high speed internet connections. Although the cities profiled in this guide lack the name recognition of Shanghai, Beijing, or Guangzhou, each presents investors with a wealth of opportunity as growth of inland China will persist in spite of the global economic downturn. This guide is intended to provide investors with the necessary understanding of both the market environment and opportunities these unique markets offer investors with the vision and foresight to look beyond the obvious.

cities.

While the project has been effective on some levels, inland regions remain far less developed than their coastal counterparts. Compounding the problem is a lack of reliable business intelligence on the ground; while many investors considering a move to China will be aware of Guangzhou, Shanghai, or Beijing, far fewer are familiar with cities such as Chengdu, Wuhan, or Kunming. This lack of familiarity—coupled with the region's less developed infrastructure—has traditionally impeded foreign investment.

Underdevelopment, however, presents unique opportunities in the shape of economic asymmetries that are rapidly evaporating between more developed eastern seaboard cities and the West. Markets in many of China's bellwether cities are saturated, and in many cases rising labour costs have forced manufacturers to look elsewhere for cost effective production bases. Meanwhile, robust government investment in inland infrastructure has, to some degree, reduced logistics costs in the region, making inland China a more attractive option for investors. These improvements are expected to continue apace in the wake of a recently announced economic stimulus package by the Chinese government.

In addition, inland Chinese cities offer competitive advantages unseen in more developed parts of the country. The south-western city of Kunming, for example, has extensive cultural and transport links to the burgeoning Southeast Asian market whilst cities such as Xi'an, though geographically remote, ranks as



5.1.1 Foreign Direct Investment in China

Whilst there has been in recent months much media speculation as to whether smaller, emerging markets will threatened its status, China will undoubtedly continue to be one of the world's leading destinations for foreign direct investment (FDI). Also, whilst the introduction of a new labour law (see below), rising costs, and the downturn in the global economy have slowed acceleration projections in the Chinese economy, robust growth is expected to continue in the years to come.

Demand for cheaply made goods from the Greater China (including Hong Kong and Taiwan) region has been one of the key drivers of economic growth since the reforms of the late 1970s. Since that time, investment from 'abroad' rose dramatically to reach USD82.7bn in 2007. Though FDI steadily declined during Q1 through Q4 in 2008, by the end of the year it reached USD92.4bn. According to forecast by Credit Suisse, total FDI is likely to drop to USD75bn in 2009 as companies batten down the hatches to ride out the financial storm, but rebound to USD80bn in 2010.

Despite this enormous growth in the volume of FDI the vast bulk -roughly 80 percent- has crashed upon the eastern seaboard, often with little to none reaching cities further inland. But, as laissez faire aspects of Deng Xiaoping's policy are replaced by the Jiang Zemin's Western Development strategy, hinterland cities are becoming increasingly attractive destinations for FDI.

Originally, foreign invested enterprises (FIE) were limited to joint-ventures (JV) between overseas companies and domestic Chinese firms. This began to change with the passage of the law governing wholly owned foreign enterprises (WFOE or WFOE) in 1986, though WFOE ventures in the vast majority of industries only became feasible after China's accession to the WTO in 2001.

Currently, WFOEs are generally the preferred vehicles for investment in China as they eliminate the degree of risk sometimes associated with collaborating with a mainland company. However, despite significant progress made in the arena of legal protection for foreign investors, problems still remain in areas relating to corruption, poor enforcement of judicial rulings, and intellectual property rights protection. These problems continue to impede the smooth conduct of business in China for both foreign and domestic investors alike – although not always equally.

Previously, competition from neighbouring countries for FDI justified the continuance of preferential policies for foreign investors, measures that also created incentives for domestic firms to reinvest through foreign channels - a practice known as "round tripping." In this respect, much of the FDI coming into China was not in reality foreign but came instead from Chinese investors funnelling capital through various tax havens and the Hong Kong Special Administrative Region (SAR) in an effort to reap the benefits and legal protections bestowed upon 'foreign' investors.

In addition to 'round tripping', Taiwanese firms often chose to channel money through offshore accounts for political reasons. In 2006 for instance, more than 40 percent of FDI entering China passed through companies registered in the Hong Kong SAR and the British Virgin Islands. It is widely suspected that the majority of this investment originated from China. A newly unified corporate income tax plan of 25 percent, instated at the beginning of 2008, is widely expected to curb this activity by levelling the



playing field for domestic investors. This said, provincial and municipal levels of government maintain numerous 'soft' policy options to attract investment.

In spite of the difficulties and issues with lack of transparency, China remains attractive due to the continued potential returns on investment. Moreover, inland cities, which represent an undervalued and untapped resource, present the greatest opportunities for investors.





5.1.2 Government Structure

The General Office of Wuhan Municipal Government

Offices under the Municipal Government:

Wuhan Overseas
Chinese Affairs Office

Wuhan Office of
Organisation
Commission

Wuhan Office of
Economic and
Technological
Cooperation

Wuhan Legislative Affa
Office

Departments dealing with FDI (most relevant from top):

Wuhan Municipal Bureau of Commerce

Wuhan Municipal Administration for Industry and Commerce

Wuhan Municipal Bureau of Quality and Technical Supervision

Wuhan Municipal State Taxation Bureau

Wuhan Municipal Local Taxation Bureau

Wuhan Municipal Bureau of Public Security

Wuhan Municipal Administration of Foreign Experts Affairs

Wuhan Municipal Administration of Foreign Exchange
(People's Bank of China)

Wuhan Municipal Labour and Social Security Bureau

Wuhan Municipal Bureau of Human Resources

Wuhan Municipal Bureau of Civil Affairs

Wuhan Municipal Bureau of Audits

Committees:

Wuhan Development and Reform
Committee

Wuhan Nationalities and Religious
Affairs Committee

Wuhan Birth Control Committee

Wuhan State-owned Asset
Management Committee

Wuhan Economic and Technological
Development Zone Management
Committee

Wuhan East Lake Economic
Development Zone Management
Committee

Wuhan Transportation Committee

Wuhan Construction Committee



Departments in charge of specific project approval:

Wuhan Urban Planning and Management Bureau

Wuhan Municipal Bureau of Environmental Protection

Wuhan Municipal Bureau of Forestry

Wuhan Municipal Bureau of Agriculture

Wuhan Municipal Bureau of Press and Publication

Wuhan Municipal Bureau of Education

Wuhan Municipal Bureau of Tourism

Wuhan Municipal Bureau of Water Affairs

Wuhan Municipal Bureau of Culture

Wuhan Municipal Bureau of Radio and Television

Wuhan Municipal Bureau of Public Health

Wuhan Municipal Administration for Food and Drug

Wuhan Municipal Administration for Real Estate
Management



5.1.3 Labour Law

January 1, 2009 marks the first anniversary of the Labour Contract Law (LCL), a groundbreaking set of new regulations intended to address the rising incidence of abusive labour practices across the country. The labour law, while praised by many as a human rights advance in China, led some observers to predict that rising labour costs would make China a less attractive base for investors. One year on, a preliminary examination of data suggests that while costs have indeed risen especially in the southeast, the country remains an attractive option for outsourcing.

The labour law contains 97 articles, yet one provision has proved more effectual than the others. Employees are now able to file suit against employers directly, without going through the previously required government channels. This change has resulted in a steep rise in employee/employer litigation in the time since; in certain jurisdictions, labour-related lawsuits have more than doubled.

These lawsuits were intended to mitigate the effects of mass worker strikes, incidents that increasingly plagued China-based employers in the years leading up to the legal change. The Chinese government views labour-unrest as especially troubling, as a large part of its legitimacy depends on the appearance of widespread social harmony.

According to a survey of SME bosses across China, many complain that the new law has increased operating costs by as much as 20-30%, leading some firms to relocate operations to cheaper countries such as Vietnam, Cambodia, and Bangladesh. There, companies can utilise cheaper overhead and take advantage of more lax labour laws, important considerations during recessionary times. Though some manufacturing sectors, such as footwear, have moved to countries such as Vietnam, this process was already under way before the passage of the LCL.

Nonetheless, a poll of investors surveyed this year by Ernst & Young reinforced China's position as the world's most attractive destination FDI. Simply put, countries that compete with China on labour costs are often unable to manufacture complex goods and lack sufficient infrastructure to cope with increased production.

5.1.4 The 2008 Financial Crisis

The financial crisis that rocked the globe in the last half of 2008 did not spare the world's fastest-growing major economy. In November 2008, economic growth in China fell 2.2 percent, marking the largest year on year decline since 1999. This was a direct result of the steep drop in demand from the United States and Europe.

Declining exports have led thousands of Chinese factories to close, a majority of which were clustered in the export driven manufacturing zones of Guangdong province. These factory closings led to the sudden unemployment of hundreds of thousands of workers, stoking government fears of social unrest and demonstrations.

A great number of these factory workers originate from China's poorer inland provinces, part of largest annual internal migration in the world; some estimates put the number of migrants in China at 130



million. Fewer opportunities in eastern China—a consequence of the decrease in China's export rate—could lead scores of these workers to remain in their home provinces.

For investors looking at cities such as Chengdu, the financial crisis may drive up supply of cheap labour as would-be migrant workers remain home, mindful of increased opportunities in the hinterland.

Population data for Chinese provinces often ignores the migrant demographic, leading to inaccurate assessments of the true size of the labour market in both eastern and western provinces. Observing the trends of these workers—whose combined number exceed the total population of all but a dozen or so countries in the world—is integral to an understanding of how China will cope with the financial crisis.

The Chinese government has taken a proactive approach to the present economic reality. In November 2008, Beijing announced a stimulus package worth CNY585bn to compensate for the downturn. Nearly three quarters of the money will go to infrastructure development, with slightly over USD263bn slotted for further improvement of roads, rail lines, and airports. The stimulus package also will help buttress China's social safety net in an effort to assist the newly unemployed with jobs.

5.1.5 China's Economic Stimulus Package

In the wake of the global financial crisis which began unravelling in the autumn months of last year, the Chinese central government were quick to introduce a raft of measures aimed at mitigating the negative impacts of a contracting global economy on China's export driven growth.

The package which encompasses a total expenditure of four trillion Yuan (CNY) (USD586bn) will be spent upgrading infrastructure, particularly roads, railways, airports and the power grid; on raising rural incomes via land reform; and on social welfare projects such as affordable housing and environmental protection.

The package of capital spending plus income and consumption support measures confirms that damping down inflation in a runaway economy is no longer the policy priority. The top economic concern is now arresting the rapid slowdown in growth as a result of the slumps in China's exports in the wake of the crisis. In addition to the extra spending, Chinese officials have indicated a shift to 'moderately easy' monetary policy and lending limits on commercial banks are also being lifted. A change in the way value-added tax is administered has also cut taxes, accounting for USD17.5bn of the package's total

The Government selected 10 areas for extra spending to provide a boost to the economy in 2009 and 2010. These areas include:

- Housing - More affordable and low-rent housing is to be constructed, slum demolition and clearance is to be accelerated, launch of a pilot program to rebuild rural homes (particularly in earthquake affected areas).



- Rural infrastructure - Improvement of roads and power grids in the countryside, and water supply projects, including a huge project to divert water from the south to the north. Additional efforts to reduce poverty.
- Transport - More rail links and routes for transporting coal as well as additional new airports in western provinces. In addition to this the creation of a high speed rail network is planned to free existing network for implementation of complete nationwide containerised network.
- Health and education - More hospitals are to be built in smaller towns and cities. More schools in the western and central regions, and for children with special needs countrywide.
- Environment - Focus on sewage and garbage treatment facilities and preventing water pollution. Accelerated green belt and natural forest-planting and replanting programs. Increased investment in energy-conservation initiatives and pollution-control projects.
- Industry - Additional subsidies for high-tech and service industries.
- Wealth creation - Increased grain purchases and farm subsidies to raise rural incomes, a boost in pension funds for a wide range of workers and allowances for low-income city dwellers.
- Tax - Reforms to value-added tax, effective 1 January 2009 and a reduction in the corporate tax burden of CNY120 billion (USD18bn).
- Finance - Removal of loan quotas and ceilings for lenders, increased bank credit for rural areas, small businesses, and companies involved in technology, iron, and cement.

On top of the central Government's pledge of CNY1.18 trillion for the stimulus package, the State Council will allow local governments to issue CNY200 billion in bonds through the Ministry of Finance (local governments are not usually allowed to issue bonds).

Other funding sources include long-term bank loans and corporate bonds issued by state-owned enterprises. If the entire CNY4 trillion were to be financed by debt issuance, total national debt would increase to 28% of GDP, which is still relatively moderate.

5.1.6 Environmental Degradation and the Environmental Protection Industry

China's breakneck economic growth has, at times, come at a high price in terms of the health of its population and its natural environment. Many of the problems China faces are pandemic and require nationwide solutions. As the environment gains increasing importance as a social, political and economic issue the challenges China faces may also represent opportunities.



At present, China is encountering severe water shortages, resulting from both a large population and water pollution caused by rapid economic development with little regard for environmental impact. Although the country has significantly improved its water and wastewater infrastructure, many areas, at times including Sichuan, can suffer water shortages. Accelerated urbanisation and high-speed economic growth in Sichuan continues to aggravate the water shortage problem.

Air pollution resulting from coal-fired furnaces, industrial exhaust gases, and, in particular, auto emissions continues to be a major problem in the region. Steps have been and are being taken to reduce air pollution through cleaner production programs, the introduction of emission controls, and the conversion in some taxis and buses to cleaner fuels (LNG). Thus, carbon emission control technology also provides opportunities for foreign companies.

There has been a general increase in water projects in the region creating a large, diverse and growing market for water treatment technologies, including municipal water treatment facilities for drinking water, as well as drinking water treatment equipment for the bottled water and home treatment sectors.

The government's inability to invest and to fill the huge capital demand creates opportunities to involve non-state-owned or foreign investment within Sichuan Province as a whole. The Chinese government is encouraging non-state-owned and foreign investment participation in a swath of environmentally focused projects; with one percent of GDP earmarked annually for environmental cleanup, the sector presents genuine opportunities for companies able to offer the advanced technologies and services the region needs.

Preferential policies in the sector include tax breaks for industries and projects listed in the Foreign Investment Industry Guideline. Within the overarching framework laid down by the central government, local governments have established policies more focused on the specific needs of local areas. Companies can obtain details on these policies from the Sichuan Provincial Environmental Protection Office, local governments within the province and taxation bureaus.

Forming a private and public partnership (PPP) is a common method for non-state-owned and foreign participants in the water supply and wastewater treatment sector. For specific projects, build-operate-transfer (BOT), and design-build-operate (DBO) schemes are often used. Because the concept of PPP is new in China, there are not, as yet, specific regulations or guidelines regarding schemes. For this reason foreign companies and investors are likely to encounter some difficulties in assessing the opportunities and challenges for participation and the accompanying financial risks.



Clean fuels, desulphurisation, coal washing, air quality monitoring, and other related technologies for prevention and control of air pollution are also required in the region.

As for the solid waste treatment sector, advanced equipment and technology are always welcome, especially for the treatment of hazardous solid waste and medical solid waste. Whilst research centres have been created advanced environmental technology for hazardous solid waste treatment is still essentially in the research stage and is only recently being put into practice. This means there is a large-scale environmental market in Sichuan offering a wide range of market opportunities for foreign companies.

For a complete and fully comprehensive breakdown of the China's environmental issues and the market opportunities created by the growing importance of the environmental protection sector in China read CIG's *Envireport* – China's Environmental Protection Industry 2009.





6 Regional Overview

6.1 Province

6.1.1 Climate and Geography

Hubei Province lies in the centre of China, roughly equidistant from the capital Beijing and the cities in Guangdong's Pearl River Delta. To its west, Hubei borders Shaanxi Province and the municipality of Chongqing; Henan, Anhui, Jiangxi, and Hunan provinces border Hubei in a clockwise direction from north to south. At roughly 185,000 square kilometres, Hubei is the 14th largest province in the country.

For a province named after its proximity to a lake, Hubei's geography is largely defined by the mighty Yangtze River, the world's third largest. Flowing from west to east, the Yangtze enters Hubei at the Three Gorges, presently the site of the world's largest hydroelectric power station (see following section). In east Hubei, the Yangtze—along with a major tributary known as the Hanjiang—form the Jiangnan alluvial plane. In this low-lying area, the majority of Hubei's population resides.

Western Hubei features a more mountainous landscape and offers a respite from the intense heat that blankets the eastern part of the province. Summer temperatures in the Jiangnan plane area can exceed 40 degrees centigrade, while winters tend to be cold if reasonably short. Excepting high-altitude areas in the western mountains, Hubei's climate typically conforms to a sub-tropical monsoon standard.

6.1.2 Infrastructure

Hubei Province—landlocked, small, and central—relies heavily on its extensive transport links to the economic powerhouse cities located to its east and north. In recent years, the government has made transport network investment a high priority, correspondingly pumping large amounts of money into projects upgrading the provincial road, rail, and air systems. The provincial capital of Wuhan has become a major hub city for all modes of transport, and links between Wuhan and Hubei's smaller cities have received increased attention (see following section).

Occasional power cuts hit Hubei during the summer of 2008, causing concern among business owners that the provincial electricity supply was lacking. The government claimed that energy supplies across the Chinese hinterland were diverted to Beijing, in preparation for the 2008 Summer Olympic Games held in the capital. Hubei's energy needs, like those of fourteen other provinces in the country, are supplied in large part by the Three Gorges dam, the largest hydroelectric power station in the world.



6.1.3 Wuhan City Circle Network

In October 2008, the Hubei provincial government announced an ambitious new programme linking the provincial capital of Wuhan with eight other cities in an effort to promote regional development and foster sustainable economic growth.

The programme consists of an investment of CNY 1.143 trillion (USD 145.6bn) into 131 major projects in the nine cities, funded by a new State-owned investment company called the Hubei United Development Investment Co Ltd. The company, which claimed registered capital of CNY 3.2bn, includes the provincial government, municipal governments, and several State-owned industries as shareholders.

The nine cities have a combined population of 31m and occupy approximately 58,000 square kilometres of land. Altogether, they comprise 60 percent of Hubei's GDP.

The nature of these projects vary widely, but most are intended to improve infrastructure in the province and create an economic zone to rival, in the words of the Hubei governor, those in the Pearl River and Yangtze River Deltas and northern China's Bohai Bay region.

For Hubei, such investment aligns with Chinese Premier Wen Jiabao's proclamation of 'the rise of central China', a region partially defined by the province. The inclusion of environmentally-friendly 'green infrastructure' projects, moreover, ensures that the forthcoming economic development of the province should, at least in theory, be ecologically sustainable; an integral part of the 'dual-oriented society' being constructed in the province.

As of October 2008, a number of projects had already begun construction or were in the final planning processes. These included, among others, a new port facility for Wuhan and a new bonded warehouse in the capital. The following table examines the eight smaller cities which, along with Wuhan, comprise the nine-city network



Hubei City Cluster Data (excluding Wuhan)			
City	Population	Distance from Wuhan	Industrial Focus
Xiaogan	5.06m	60km	Motor vehicles, high-tech, mineral resources
Qianjing	1m	160km	Textile, gas, petrochemical
Tianmen	1.6m	120km	Motor vehicles, textiles, medicine
Xiantao	1.5m	90km	Textiles, chemicals
Xianning	2.77m	90km	Agriculture, forestry
Huangshi	2.5m	90km	Mining, chemicals
Ezhou	1.06m	70km	Metallurgy, chemicals, machinery
Huanggang	7.3m	78km	Agriculture, mining

Source: Hubei Provincial Government



6.2 City

6.2.1 Brief History

First settled over 3,000 years ago, Wuhan has been a major Yangtze River port city since the Han dynasty. Extensive trade—fuelled by its central location within China—caused Wuhan to grow into one of China's largest cities by the time of the Ming and Qing Dynasties. In 1911, an uprising launched from Wuhan's Wuchang District led to the collapse of the Qing and to the establishment of republican China.

After the Communist Party assumed control of China in 1949, Wuhan followed a similar historical and economic trajectory to other cities in China. Economic reforms in 1978, though, led to the rapid growth of coastal Chinese cities while those in the middle, such as Wuhan, remained closed to foreign investment. Only in 1992, after investment liberalisation in cities along the Yangtze passed into law, could Wuhan begin to compete with other cities for attention from foreign investors.

The last decade and a half have brought tremendous change to the city, though at times Wuhan has been left behind by inland counterparts like Chengdu and Xi'an. Nevertheless, the city's economic potential has not gone unnoticed by government authorities. In 2004, Wuhan—and all of Hubei—were among the areas included in Wen Jiabao's proclamation of the 'rise of Central China', an initiative aimed at raising the economic profile of the region.

The Wuchang Uprising occurred in 1911 in Wuchang, now part of Wuhan. The uprising resulted from a rebellion of the local armed forces against what was perceived as the corruption of Qing Dynasty government.

While the Qing court prevaricated over how to respond to the uprising, seventeen provinces formed the Republic of China in the interim, anointing Sun Yatsen provisional head of state. More than two thousand years of feudal dynastic rule in China was thus brought to an end.



6.2.2 Climate and Geography



Wuhan is located in the southeast of Hubei Province and is roughly 1,000 kilometres from Chengdu, Guangzhou, and Xi'an. To the east of Wuhan lies the Jiangnan plain, while Hubei's mountainous parts lie to the city's north and west.

Wuhan is actually an agglomeration of three separate cities that merged in 1927, under the auspices of Chiang Kai-Shek's Nationalist government. Wuchang, geographically the largest district, lies on the eastern bank of the Yangtze River, splitting Wuhan in two. The western half of the city is further divided into northern and southern halves by the Hanshui River. The northern section is known as Hankou, while the southern district is called Hanyang. In addition to two major rivers, several sizable lakes dot Wuhan's periphery.

Wuhan has a sub-tropical climate characterised by short winters and long, hot summers; along with Nanjing and Chongqing, Wuhan is known as a 'furnace' city in China. Temperatures routinely eclipse 40 degrees centigrade during the summer months, when the only respite is seasonal rains. Winters are drier, with temperatures hovering around freezing but seldom dipping below.



6.2.3 Infrastructure

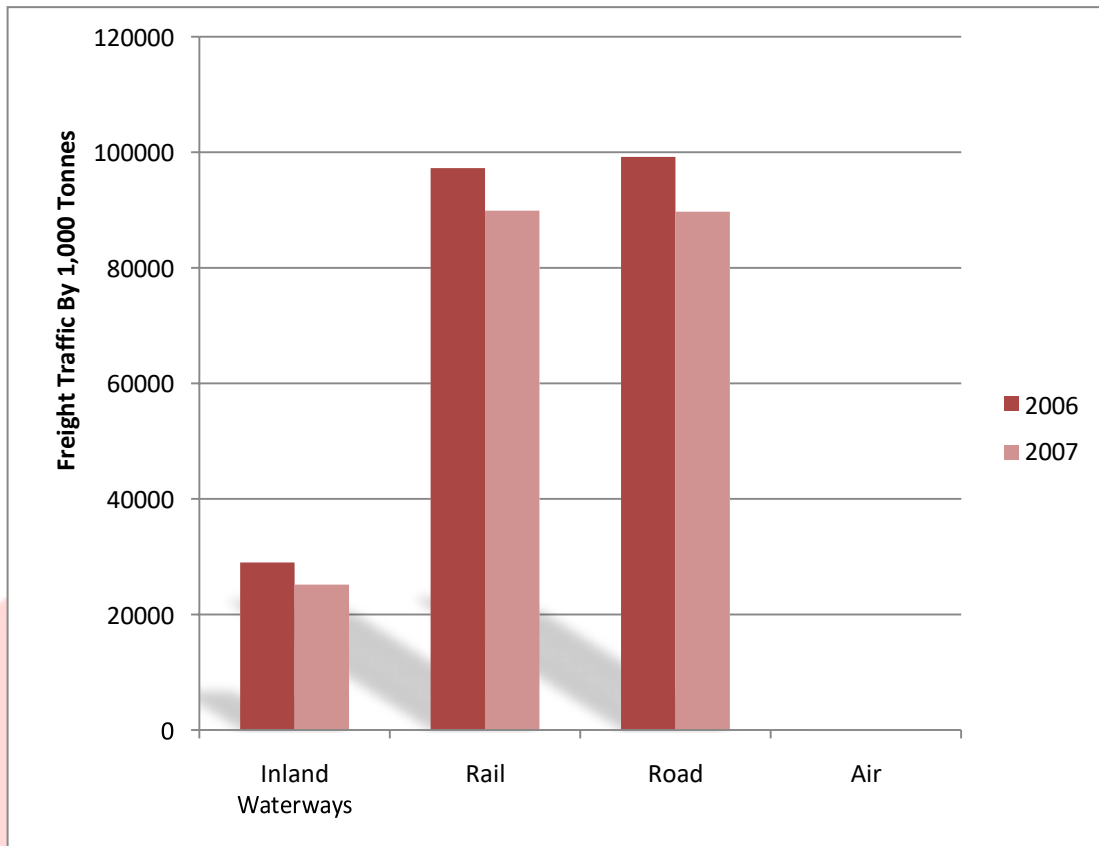
Like elsewhere in China, Wuhan's basic infrastructure has undergone a facelift following years of massive government investment. While certain issues—including power cuts that preceded the Beijing Olympic Games in 2008—indicate that Wuhan still requires more development, the city's vast improvements have attracted notice from numerous foreign investors.





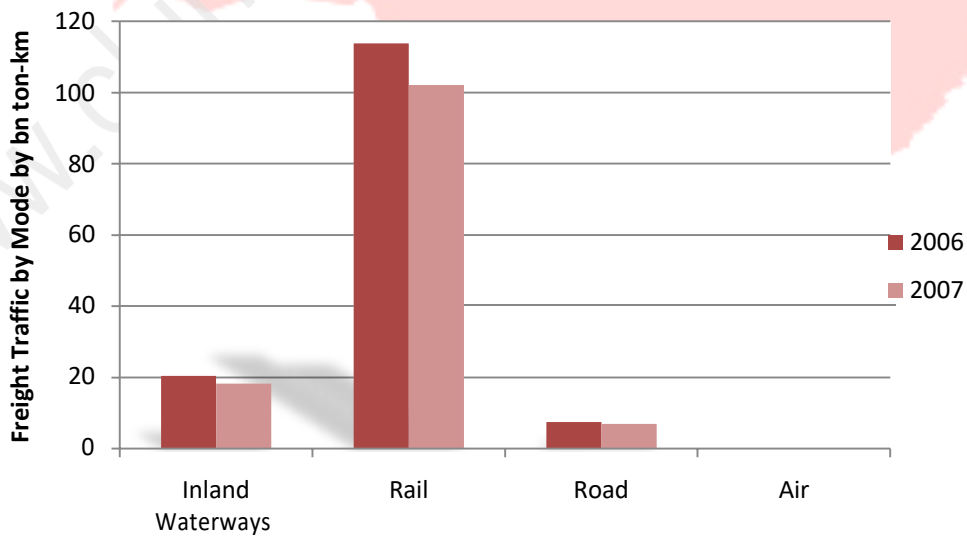
6.2.3.1 Transport Infrastructure

Freight Traffic by Tonnes (thousands)



Source: Wuhan Statistical Yearbook

Freight Traffic by Mode (bn ton-km)



Source: Wuhan Statistical Yearbook



62311 . 1. 1 Road

Three of China’s national trunk highways traverse Wuhan and link the city to destinations such as Beijing, Shanghai, Chengdu, and Shenzhen. Wuhan is roughly equidistant from Beijing and Shenzhen on Route G 107, one of the country’s busiest national roads. Route G 316—travelling northwest from Fuzhou to Lanzhou—passes through Wuhan, while Route G318 links the city to Shanghai as well as destinations further west. Such access to major east coast cities enhances Wuhan’s intermodal profile as goods can be quickly shipped to the city from the ports in the east.

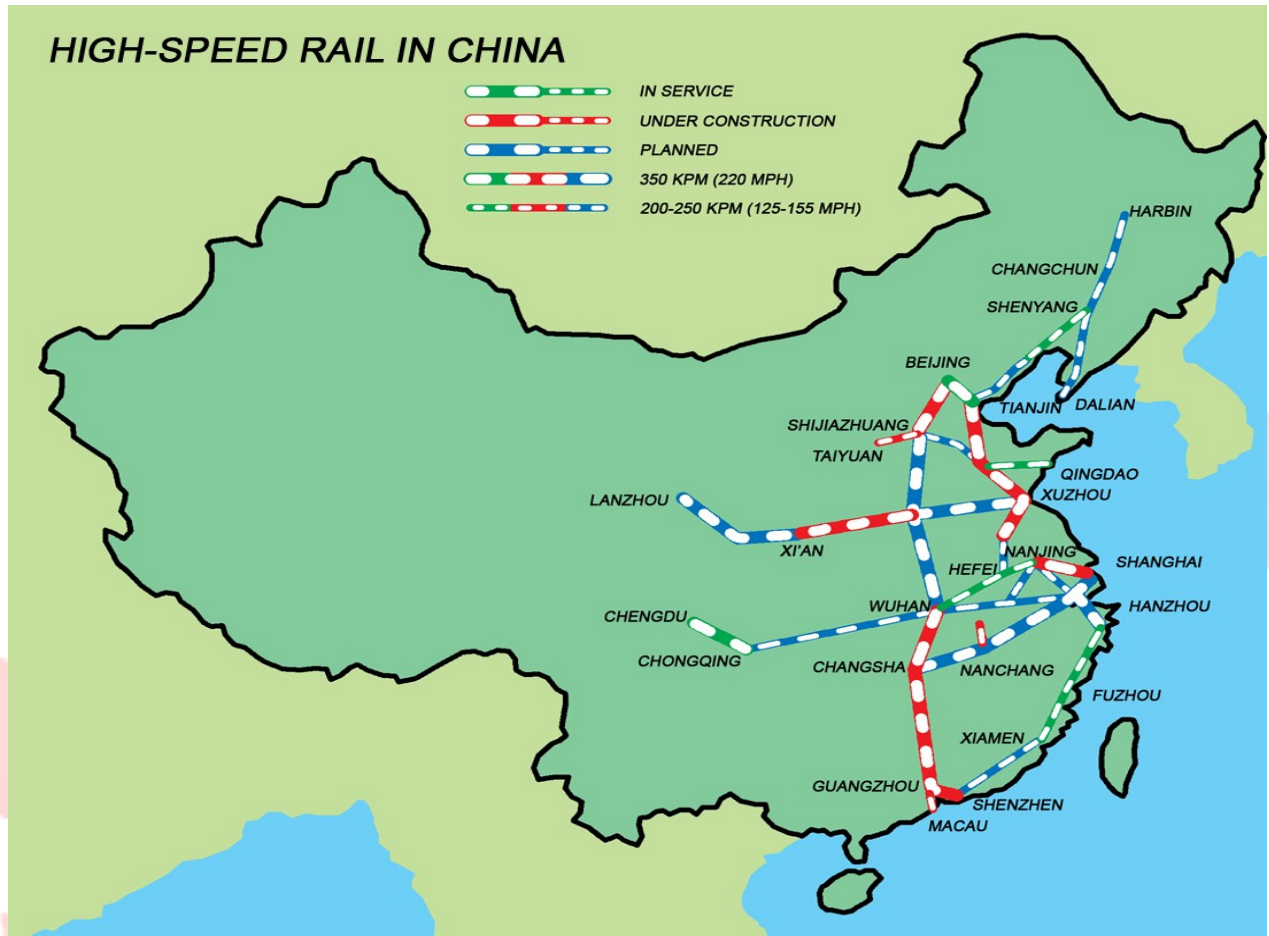
Nevertheless, in terms of freight traffic, far fewer goods rely on road transport than they do on other modes, most notably inland waterways (IWW). In 2007, roughly 99m tonnes of freight were transported by road, roughly one third the figure that moved through inland waterways. This discrepancy, however, results more from the centrality of the Yangtze River in Wuhan than on intrinsic flaws in the road transport network itself.

Within metropolitan Wuhan, city planners face the same challenges as do their counterparts across China; namely, how to ensure road infrastructure keeps pace with skyrocketing rates of car ownership. In 2007, the municipal government estimated the existence of 192,000 cars in the city, a sevenfold increase from 2000

An additional challenge unique to Wuhan is navigating the city’s expansive territory, particularly in regard to the Yangtze and Hanshui Rivers. Five bridges cross the Yangtze in and around Wuhan, carrying passengers and goods across the city’s three major districts. Most recently, the Yangluo Bridge was opened in late 2007, connecting a nearby suburb of Wuhan to the outer ring road.

Wuhan Road Transport Information						
Description	Destination Port	Route	Distance (km)	Trip Duration	Container Size	Cost (CNY)
						One-way
Wuhan—Shanghai	Yangshan Port	Wuhan-Huangshi-Hefei-Nanjing- Shanghai	1000	2 days	40 feet	10000
Wuhan—Shenzhen	Yantian Port	Wuhan-Changsha-Xiangtan-Hengyang-Guangzhou-Shenzhen	1119	2 days	40 feet	13000
Wuhan—Tianjin	Xingang	Wuhan-Jinan-Dezhou-Cangzhou-Tianjin	1250	-----	40 feet	-----

Source: Wuhan Taiwanese Investment Zone



Due to massive government investment, rail is poised to assume a far larger profile in the city's transport network. Both of the city's existing rail stations, one each in Wuchang and Hankou districts, have undergone extensive renovations in the past few years. Furthermore, construction of Wuhan's newest railway station is scheduled for completion in late 2009, giving the city three major facilities to handle increased railway traffic.

Located near the city's East Lake—an economic development zone—Wuhan Station is designed to transform the city into a major Chinese rail hub and the pre-eminent transport centre for central China. A high-speed rail line to Guangzhou is scheduled for 2010, shortening the route to a mere four hours.

Overall, Wuhan figures prominently in the Chinese plan of a nationwide high-speed network, factoring in both north-south and east-west lines. When completed, passengers and goods will be able to reach nearly every first-tier Chinese city in a maximum of five hours. High-speed rail—trains travelling at speeds in excess of 200 kilometres per hour—will also link Wuhan to its neighbours in Hubei, allowing the city to take advantage of the province's disparate manufacturing resources.



Infrastructure investment has also resulted in the construction of Asia’s largest marshalling yard, located in Huangpi district. The yard is nearly 1,000 metres wide and contains 114 tracks.

Railway Container Transport Price Information (CNY)			
Destinations	20 feet	40 feet	Duration
Shenzhen North	3056	5958	7 days
Shanghai West	2257	4364	6 days

Source: Wuhan Taiwanese Investment Zone

Wuhan launched a metro network in 2004, becoming the fifth Chinese city to do so. Thus far, only Line 1—technically an above-ground light rail system—is in operation. This line covers only the neighbourhood of Hankou. Subsequent lines will largely be underground and link Wuhan’s districts, often by travelling underneath both the Yangtze and Hanshui Rivers. When completed, the metro system will have a total length of 220km.

62313 . 1. 3 Inland Water Ways

Despite significant improvements to the city’s air, rail, and road links over the years, inland waterways remains Wuhan’s most prominent transport mode. Located on the Yangtze River and roughly equidistant from Chongqing and Shanghai, Wuhan’s port is the largest river port in China. In 2007, the port recorded nearly 29m throughput by tonnage, far more than the amount registered by rail, road, and air links combined.

5000-ton ships can traverse the waters between Nanjing and Wuhan year-round, vessel access that contributes to Wuhan’s economic importance in central China. The Yangtze reaches an average width of 1,700 metres at Wuhan, and an average water depth of 15 to 21 metres.

Wuhan’s port consists of six major terminals, each with a particular focus. Of these, the Yangluo terminal is the port’s largest container terminal, benefiting due to its association with the Wuhan Iron & Steel Corporation (WISCO) as well as its proximity to other transport modes. China State Rd. 318 is located a mere 12 km from Yangluo and the port lies close to the Beijing-Kowloon rail line.



Local Port Statistics				
Port	Cargo throughput (million tons)	Container throughput (TEUs)	Maximum lifting capacity (tonnes)	Distance from Wuhan (km)
Yangluo	--	210 000 (in 2010)	10 millions	40
Yangsi	40	530.000	5 millions	18
Total Wuhan Newport	100	10 millions	100 millions	---

Source: Wuhan Municipal Government

62314 .1.4 Air¹

The greater Wuhan area is serviced by Tianhe Airport, presently the 12th largest in China in terms of passenger traffic. Open since 1995, Tianhe recently unveiled a large second terminal that will vastly expand its handling capacity. The expansion, as well as related projects, are aimed at developing Wuhan into the 4th airport hub in China after Beijing, Shanghai, and Guangzhou. With over 9m passengers in 2008, Wuhan’s airport is already the largest in central China.

In terms of freight movement, air transport has always had a low profile in Wuhan in respect to other transport modes. Wuhan’s changing industrial profile, however, has led to a shift in emphasis toward the production of high tech goods for which air transport remains well suited.

In response to this shift, the Wuhan government has invested heavily in connecting Tianhe to the city’s internal and external rail networks, construction of which is slated to begin in 2010. Today, two of the three major national highways traversing the city cross near the airport, and the city’s major deep- water port at Yangluo lies 70 kilometres away, a 40 minute journey by auto on good road.

¹ Contact details for freight forwarders operating in the region are included in the *Useful Contacts* section of this report.



Wuhan Tianhe Airport Information		
Airline	Departure/Arrival	Times/week
Wuhan—Hong Kong	Departure	29
	Arrival	29
Wuhan—Seoul	Departure	8
	Arrival	8
Wuhan—Beijing	Departure	63
	Arrival	63
Wuhan—Chengdu	Departure	54
	Arrival	50
Wuhan—Nanjing	Departure	65
	Arrival	65
Wuhan—Shanghai	Departure	66
	Arrival	66
Chengdu—Shenzhen	Departure	64
	Arrival	52

Source: Wuhan Municipal Government

6.2.3.2 Communications

In 2008 there were 928,000 broadband internet users in Wuhan, an increase of 13.2 percent from the year before. The city boasts a broadband speed of about 160Gbit/second, a number the city hopes will attract internet-reliant firms to the city. Mobile phones are ubiquitous, and as elsewhere in China mobile phone access exists practically everywhere.

6.2.3.3 Water

In 2008 Wuhan enjoyed a daily water supply capacity of 4.185m tonnes, of which 2.646m tonnes were actually used. This latter figure represented an increase of 8.8 percent over 2007. The residential price for water in the city stood at CNY1.90 per cubic metre, while the commercial rates were CNY2.40 per square metre. Both rates included sewage.

6.2.3.4 Power

Wuhan's power usage exceeded 28bn kwh in 2008, an increase of 10.44 percent from the previous year. Of this, industrial electricity comprised more than half at 17.2bn kwh. Both figures are expected to increase in 2009, the former to more than 31bn kwh. Residential rates for electricity equal CNY0.573 per kwh, while commercial rates are were priced at CNY0.95 per kwh.



6.2.3.5 Sewage

Wuhan's sewage network processed 788m tonnes of sewage in 2008, with industrial waste representing roughly one third of that total. The city has a sewage capacity of 1.59 cubic metres per day, and its sewage treatment rate equalled 80.7 percent.

6.2.3.6 Natural Gas

In 2008, Wuhan's storage capacity for natural gas equalled 418m cubic metres, a growth of 120m from 2007. The residential price for gas is roughly CNY2.3 per square metre. Gas flows to the city through a pipeline totalling 3,475 kilometres.

6.2.3.7 Schools

Foreign nationals with families who live in Wuhan have a choice of several international schools for their children. These schools include:

Wuhan Yangtze International School

A K-12 school, WYIS is an accredited institution that is part of the International Schools of China (ISC) network, a nation-wide organisation offering education to the children of expatriates. Wuhan's branch boasts small class sizes in a broad range of subjects, including both English as a Second Language and Chinese as a Second Language.

Wuhan Maple Leaf Foreign National School

Maple Leaf Foreign Nationals School, a Canadian organisation, offers a British-Columbia certified education to an international student body, including entrance examinations identical to those taken by Canadian students. Student bodies are split between kindergarten and 9th grade, and 10th through 12th grade. Maple Leaf offers both English as a Second Language and Chinese as a Second Language courses.

6.2.3.8 Medical Facilities

International SOS Wuhan Clinic

A private, membership-only clinic open at limited hours, this clinic has doctors fluent in English, French, Dutch, Arabic, and other foreign languages.

Tongji Medical University Hospital

Tongji Medical University Hospital is affiliated with the well-known university and remains one of the best rated hospitals in Wuhan city.



6.2.4 Regional Strategy

Located directly in the centre of the country, Wuhan has established itself as the 'capital' of central China, a region towards which Beijing has recently directed special attention. Unsurprisingly, Wuhan plays a major role in China's transport network. Turning its centrality into a transport advantage, thus, has been Wuhan's primary strategy to attract foreign investors.

Wuhan has spent considerable sums of money on upgrading its transport infrastructure, constructing a high-speed rail line to Guangzhou and greatly expanding its river port. Firms located in the city have access to a wider variety of transport modes than anywhere else in the interior, a plus for firms involved in export-oriented industries. These improvements are intended to lure companies previously wary of Wuhan's distance from the coast.

Wuhan has also invested heavily in expanding its IT sector, establishing an industrial park near scenic East Lake hosting China's largest optoelectronics industry cluster. In support of the city's many high-tech firms, the Wuhan government has implemented a series of financial incentives, making the practice of business far cheaper and more convenient in the city.

An additional advantage that Wuhan holds are its large number of qualified university graduates, many of whom graduate from institutions located near the city's development zones. A large number of qualified workers, willing to work for wages far lower than their counterparts in the coastal cities, are available for employment in a wide variety of companies.

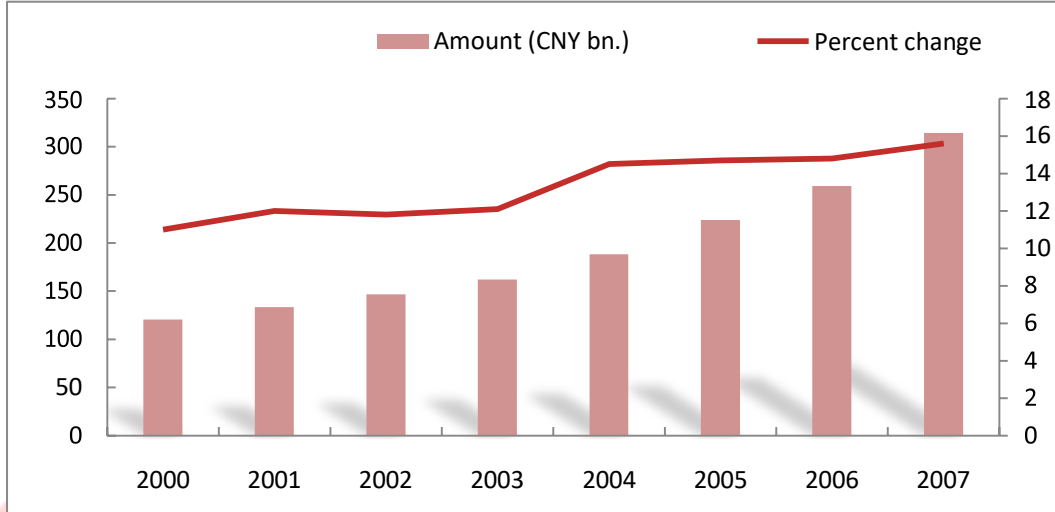
Wuhan still faces many challenges, and competition is steep. Yet the city feels that with better transport infrastructure, coupled with attractive investment policies, will allow Wuhan to power 'the rise of central China'.



6.3 Economic Indicators²

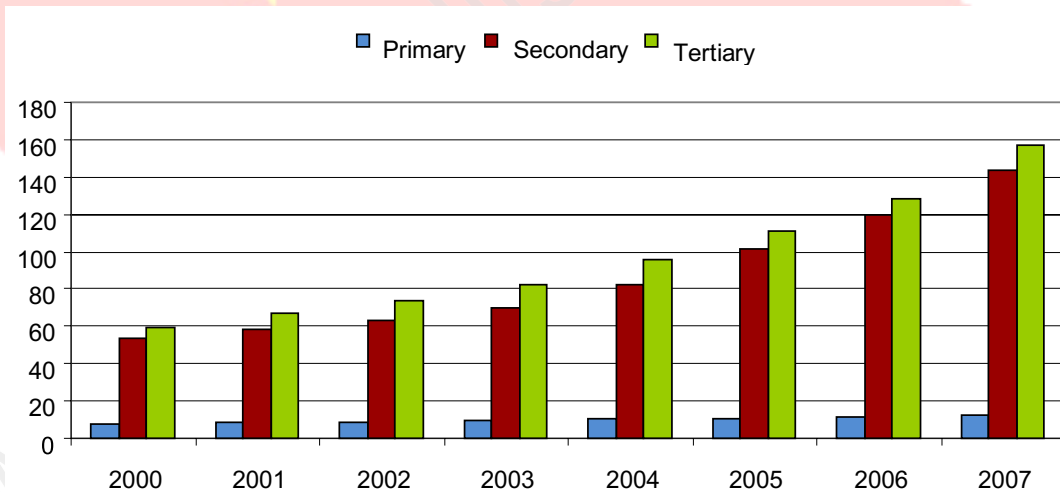
6.3.1 GDP Data

Wuhan Gross Domestic Product Growth



Source: Wuhan Statistical Yearbook

Wuhan Gross Domestic by Industry sector (CNY bn)

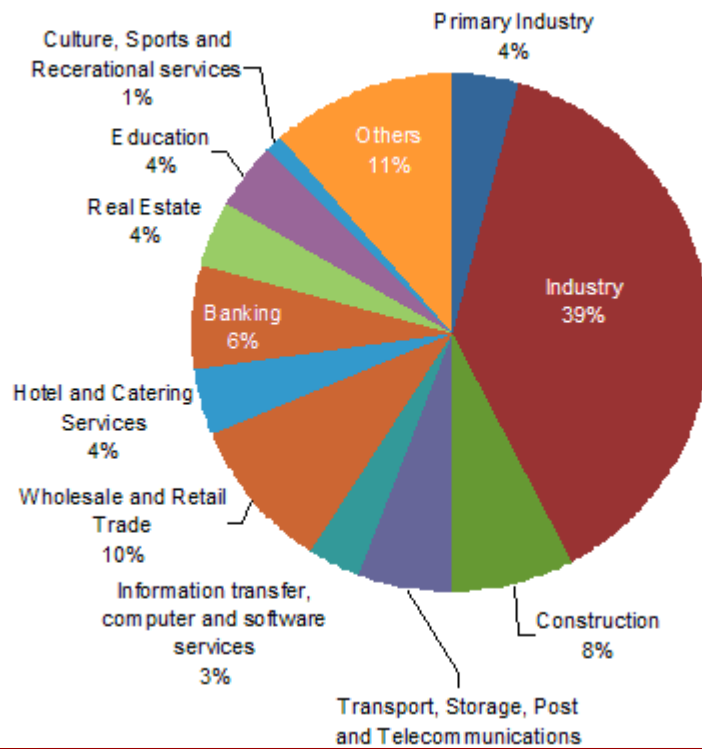


Source: Wuhan Statistical Yearbook

² Additional economic data are included in the appendix section of this report.



GDP Split by Industry Sub-Sector



Source: Wuhan Statistical Yearbook

6.3.2 Key Industries

2007 Market Share of Wuhan's Four Largest Industries		
Industry	Total Output (CNY bn.)	Percentage of Wuhan Industrial Output
Transport Equipment	69	19.58
Smelting and Pressing of Ferrous Metals	58.7	16.7
Electric and Telecommunications	33.9	9.64
Electricity, Steam and Hot Water Prod. Supply	30.9	8.76

Source: Wuhan Statistical Yearbook

6.3.3 Pillar Industries

Wuhan has established several pillar industries, including steel and iron manufacturing, auto and heavy machinery manufacturing, and optoelectronics. While foreign investment is not exclusive to these industries, the Wuhan government has identified these pillar industries as areas worthy of investor attention.

6.3.3.1 Steel and Iron Manufacturing

Steel and iron manufacturing in Wuhan is dominated by the Wuhan Iron and Steel Company (WISCO),



among the three largest steel firms in China and one of the largest enterprises of any kind in Wuhan. Founded in 1955, WISCO occupies 21.2 square kilometres along the south bank of the Yangtze River and produced 27m tonnes of steel in 2008 according to government reports.

An enormous firm with nearly 100,000 workers, WISCO is poised to become an even greater presence on the Chinese steel scene in coming years. Though China produces more steel than any other country on earth, its steel production market suffers from huge levels of fragmentation. The government has emphasised industry consolidation in its plans for the market, and WISCO's large size indicates an ability to swallow up smaller firms in the market.

This process has already begun. Since 2005, WISCO has made a splash by acquiring two regional steel producers, located in southwest China's Guangxi and Yunnan Provinces, respectively. These acquisitions suggest that WISCO sees control of China's burgeoning central and western markets as integral to its market growth.

WISCO, as with all steel producers in China, faces the challenge of under-agglomeration. Chinese steel firms are forced to rely on imports of crucial elements such as iron ore. In early 2009, WISCO announced the purchase of iron ore mines in Australia and Cambodia, as well as plans to invest in an iron ore project in Madagascar.

With these purchases, China hopes to increase its control over primary resources, though the global economic slowdown has led to an oversupply of steel, leading to reduced leverage for firms such as WISCO.

Nevertheless, its position within the Chinese steel industry remains sound, as the government pushes forward with its approval of consolidation deals. Wuhan's investment in transport infrastructure also assists steel industry growth, as improved links to coastal city can only improve WISCO's access to export markets.

6.3.3.2 Auto and Heavy Machinery Manufacturing

Auto manufacturing has played a large role in Wuhan's economy since the late 1960s since the state-run Dongfeng auto company was established by Mao Zedong. In the years since, Wuhan's association with the auto industry has led to observers referring to the city as the 'Detroit of China'.

Over the past decade, Dongfeng has positioned itself as a truly international company, having formed joint-venture firms with three well-known global brands: Honda, Nissan, and Peugeot-Citroen. These firms all operate plants in Wuhan's Economic & Technological Development Zone, an area well-



connected to the city's extensive transport links.

In 2007, Dongfeng reported sales revenues of CNY 164.8bn and total production of more than 1.1m vehicles, an increase of 21.98 percent from the year before. Roughly 70 percent of these vehicles were passenger cars, up from 30 percent in 2002.

Auto manufacturers worldwide are bracing themselves for an expected downturn in 2009, as the global financial crisis leads to a drop in worldwide demand. In China, officials and analysts alike both predict a gloomy year, bad news for cities like Wuhan that depend greatly on the health of the industry for its continued prosperity.

Certain factors, though, indicate that Wuhan may be better positioned than other cities in the face of the downturn. Car ownership rates in China will continue growing, particularly in inland provinces where the auto market is far less saturated than in the coastal provinces. Wuhan's location in the centre of China—close to both the well-developed coast and the burgeoning hinterland—appears to be a tremendous advantage, especially in consideration of its extensive transport links.

Not even a financial crisis can stop the rise of China's auto sector, particularly the massive potential of its domestic market. However, environmental concerns have led some to question whether the growth of the Chinese auto market will come at too steep a price. China's rush to build its auto industry has been criticised as unhelpful to global efforts to reduce carbon emissions. Moves against auto industry expansion, while perhaps beneficial to global climate change concerns, would be a detriment to Wuhan's economic health.

In order to guard against these concerns, Dongfeng has begun producing environmentally-sound hybrid and electric vehicles. These vehicles are far outnumbered by their petroleum-clogging counterparts, yet this willingness to innovate indicates Dongfeng, and Wuhan in general, are well aware of global trends within the industry. For this and other reasons, the future of the auto industry in Hubei's capital remains bright.

6.3.3.3 Optoelectronics

For a city with a reputation as a bastion for traditional heavy industry, Wuhan has established itself as a leading force for optoelectronic production in China with surprising speed. A large swathe of Wuchang, one of Wuhan's three main districts, is occupied by the East Lake High-tech Zone, one of Wuhan's two major national-approved investment zones.

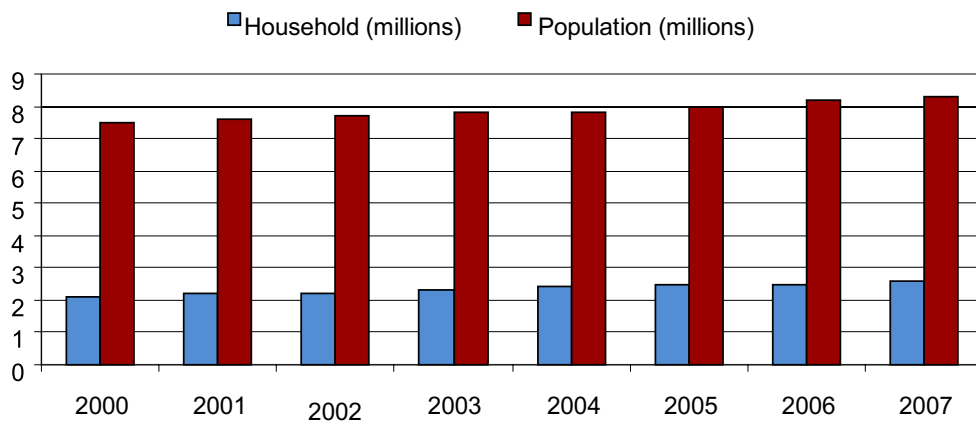


Within the East Lake Zone, optoelectronics plays a major role, so much so that a section of the zone has been dubbed China's 'Optics Valley'. Several major international firms have established enterprises in the valley, including IBM. One major attraction for such firms is the presence of 23 universities and 54 research institutes in the East Lake area, providing companies with a large pool of qualified, inexpensive labour.

Major firms are also enticed by attractive government incentives, particularly those firms with a large export base. Foxconn, a major electronics firm, invested CNY 1bn in a new facility in Wuhan, providing employment for 200,000 people. This manoeuvre, and others like it, attests that Wuhan's optoelectronics industry has a foothold in the city's industrial profile.

6.3.4 Demographics and Population Data³

Population Growth



Source: Wuhan Statistical Yearbook

³ Additional wage and population data are included in the appendix section of this report.



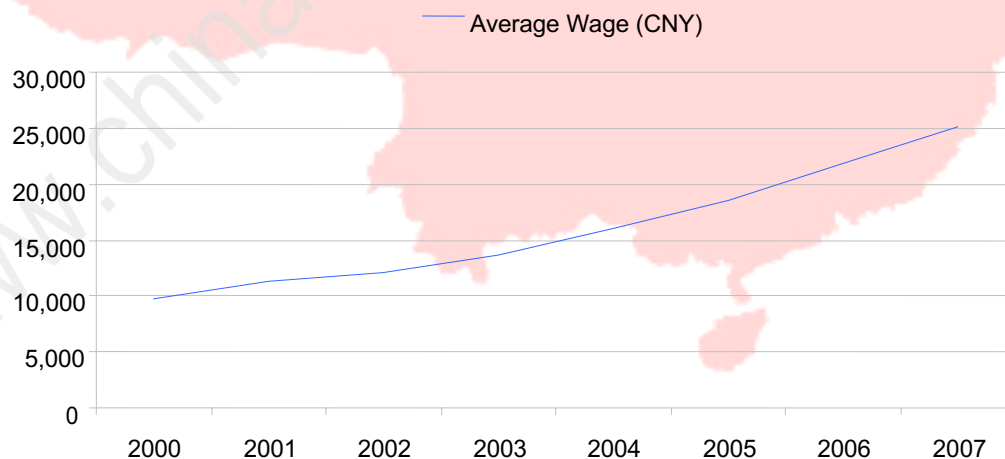
Employment by Sector



Source: Wuhan Statistical Yearbook

Annual wages in Wuhan have grown along with the population, approaching CNY 25,000 in 2007. As elsewhere in China, the numbers working in the primary sector continue diminishing while those employed in the secondary and tertiary sectors remain on the rise.

Annual Average Wages



Source: Wuhan Statistical Yearbook

Average wages in Wuhan remain low by national standards. Qualified university graduates command only a fraction of the salary than do their coastal counterparts, providing a significant advantage to investors looking to reduce operating costs. The rising average wage is also distorted by the numbers of



migrant workers in the city. As these workers lack official recognition, their wages are not counted in the city's statistical index.





6.3.5 Retail Price Index by Category

Category	2007 Percent Change
Overall	+2.28
Food	+8.80
Cereals	+1.39
Beverage, Tobacco & Liquor	+1.36
Garments, Shoes and Hats	+0.40
Textiles	+0.51
Traditional Chinese Medicine	+9.57
Western Medicine	-1.42
Chinese and Medicine and Health Care	+2.25
Cosmetic	-2.18
Newspapers and Magazine	+0.30
Teaching Materials and Reference Books	+0.89
Sports Goods	-2.72
Culture Articles	-0.72
Daily use Articles	-0.40
Household appliances	-1.39
Audio-visual appliances	-0.20
Jewellery	-11.19
Fuel	-8.61
Building materials	0.00
Articles of Transportation and Telecommunication	+0.34

6.3.5.1 Note about Retail Price Index in China

Observers widely believe that price indices in China are misleading due to the under-calculation of inflation, a belief that investors are wise to consider when analysing Chinese price data.

A large part of the discrepancy simply results from China's changing economic climate over the past thirty years. The more urbanised coastal provinces account for a high percentage of China's overall economic output, and inflation figures in eastern China outstrip those in less developed parts of the country. Observers also expect inflation will continue to rise, due to several factors such as increased scarcity of land, food and resource price rises, and the implementation of new environmental safeguards.

While inflation may cause great concern among investors, China's status as a top manufacturing base is unlikely to be affected. Countries that can compete with China on cost—such as Vietnam or Bangladesh—lack the capability to manufacture such an array of sophisticated products. Nonetheless, there are steps investors worried about inflation can take to ameliorate financial concerns. One of these steps, notably, is a



move into the inland provinces, fast becoming an alternative to the more traditional and expensive bases in eastern China.





6.3.6 Housing Price Index

Housing Price Index Wuhan by city district- March 2009 ⁴	
District	Index Figure
Donghu	710
Zhankou	733
Hanyang	842
Hangshan	835
Jiang'an	925
Jianghan	894
Jiangxia	1110
Qiaotou	918
Qingshan	701
Wuchang	900

Source: Wuhan Soufan Real Estate Portal

Like elsewhere in China, Wuhan's property market enjoyed a long growth period that seemed, at least to local developers and buyers, like it would go on forever. Alas, the global financial crisis revealed the existence of a housing bubble, bringing prices down in 2008. The situation isn't expected to improve much in 2009, though recent reports indicate that property sales are beginning to pick up again.

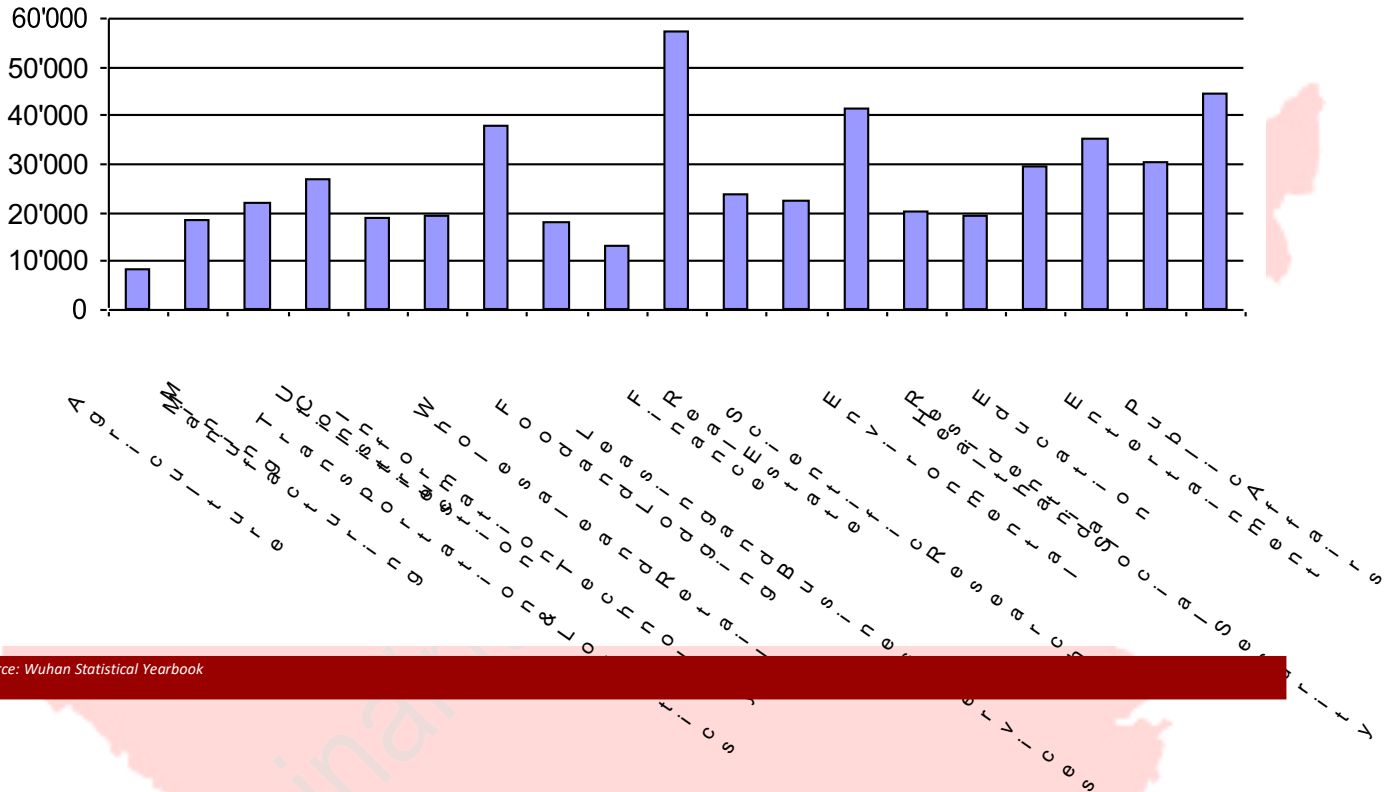
The Chinese government's stimulus package in late 2008 provided assistance for low and middle-income housing, an issue of particular relevance to Wuhan. The city's construction boom has receded in recent months due to over-supply; several units throughout the city remain vacant, victims of a growth slowdown that made prospective buyers reluctant to splurge.

⁴ The Housing Price Index is calculated using the average price in Beijing in December 2004, a figure equal to '100'



At present, the average house price in Wuhan hovers around CNY 5,000 per square metre, roughly '838' on a scale where Beijing in December 2004 registered a baseline of 1000. This figure is far less than that in cities like Beijing, Shanghai, and Shenzhen. Persistent economic growth—still predicted for the next decade- will correspond to increased housing prices in the long term. Nevertheless, Wuhan's housing will remain on the cheap side compared to its coastal counterparts, a fact noted by investors intrigued by the city.

Average Annual Wages by Sector 2007 (CNY)



Source: Wuhan Statistical Yearbook



7 Major Government and Institutional Projects

As Wuhan is actually a conglomeration of three cities, separated by wide rivers, the city government has invested large sums of money in recent years into improving the municipal transport network. Centralisation is also a priority; the construction of Wuhan Station will divert traffic from the smaller stations located in Wuchang and Hankou.

7.1 Road

Erqi Yangtze River Bridge

Linking the districts of Hankou and Wuchang, the Erqi Yangtze River Bridge will be the 7th crossing China's largest river by the time of its completion in 2011. The bridge is expected to divert 15 percent of all cross-river traffic, allowing Wuhan to manage its drastically increased intra-city traffic flow.

Construction of the bridge began in 2008 with an initial investment of CNY 2.8m. The bridge will accommodate speeds of up to 80 km per hour when completed.

7.2 Rail

Wuhan Tianxingzhou Yangtze River Bridge

Billed as the world's largest railway bridge, the Wuhan Tianxingzhou Yangtze River Bridge began construction in 2004 and is part of the city's plan to become the fourth major rail hub in China.

The bridge is 4,657 metres long, including an over-water span of 504 metres, and has a beam width of 30 metres. Trains with cargo loads of up to 20,000 tonnes can travel safely across the bridge, which also supports train speed of up to 250 kilometres per hour.

Begun with an initial investment of CNY 11.06bn, the Wuhan Tianxingzhou Bridge will be open to the public by September 2009. When in use, the bridge will allow Wuhan to deviate traffic from its presently oversaturated bridges spanning the Yangtze.

Wuhan Railway Station

The Wuhan Railway Station, under construction since 2006, marks a major upgrade in Wuhan's rail transport capacity. Combined with improvements to the existing Wuchang and Hankou stations, the Wuhan station will turn the city into the 4th largest rail hub in China after Beijing, Shanghai, and Guangzhou.



The Wuhan station covers an area of 68,000 square metres and includes the construction of several roads located nearby. When completed, trains travelling the Beijing-Guangzhou line—among others— will traverse the station, and subsequently any city located within 1,000 kilometres from Wuhan will be reachable in no more than five hours.

The Wuhan Station is expected to be passenger-ready by the end of 2009.

7.3 Special Processing Parks and Industrial Zones⁵

Wuhan Economic and Technological Development Zone (WEDZ)

A national-level economic zone approved by the Chinese State Council in 1993, the Wuhan Economic and Technological Development Zone (WEDZ) is the largest and fastest-growing zone of its kind in central and western China. The zone covers an overall area of 192.7 square km of which 40 square km has been fully developed.

WEDZ is located on the north bank of the Yangtze River and features direct access to State Road No. 318, which traverses the zone as it travels between Shanghai and Lhasa. In addition, the Beijing- Zhujiang National Express goes across the zone from north to south.

WEDZ has a primary focus on the auto industry and hosts Sino-foreign joint ventures including Dongfeng/Nissan, Dongfeng/PSA, and Dongfeng/Honda. The zone also has emphases on the high-tech industry, electronics, and food processing and beverages.

Altogether, large industrial enterprises in the firm compiled a total industrial output value of CNY 94.7bn in 2008.

Wuhan East Lake High-tech Development Zone (EDZ)

The Wuhan East Lake High-tech Development Zone (EDZ) is a state-level economic zone in Wuhan as well as the leading centre for the optoelectronics industry in China. The zone's association with the industry is such that it has acquired the moniker 'Optics Valley', a reference to 'Silicon Valley' in the United States.

The EDZ benefits from its proximity to 23 universities and 56 research institutes, one-third of which are engaged in the optoelectronics or information technology (IT) industries. These universities provide a

⁵ Contact details for all listed facilities are included in the *Useful Contacts* section of this report.



pool of talented graduates that work in the zone's various enterprises. Access to high-quality, cheap labour is one reason why many firms in the industry have selected the EDZ as headquarters.

Several major companies are based in the zone. These include the Yangtze Optical Fibre, Wuhan Institute of Posts & Telecommunications (WIP), and Changjiang Ericsson Co. The EDZ has become one the leading manufacturer of optical fibre and optical cable in China, and also produces high-power lasers and laser processing equipment.

Located roughly 20 minutes by car from central Wuhan, the EDZ boasts over 8,000 invested enterprises of which roughly one quarter are considered high-tech.

Wuhan Wujiashan Taiwan Investment Zone

Established in 1992 and recognised as a state-level investment zone in 2000, the Wuhan Wujiashan Taiwan Investment Zone is the only zone in central China dedicated to fostering cross-strait investment ties.

In its brief history, the Wujiashan Zone has come to exemplify the increased emphasis from Taiwanese firms on inland China, as markets in the better-known coastal provinces have become increasingly saturated.

As of September 2008, more than 600 enterprises were registered in the zone, of which 40 were Taiwanese funded. These enterprises held focuses ranging from electromechanics to food processing and logistics. According to the municipal government, the total contractual investment of Taiwanese enterprises exceeds USD 200m.

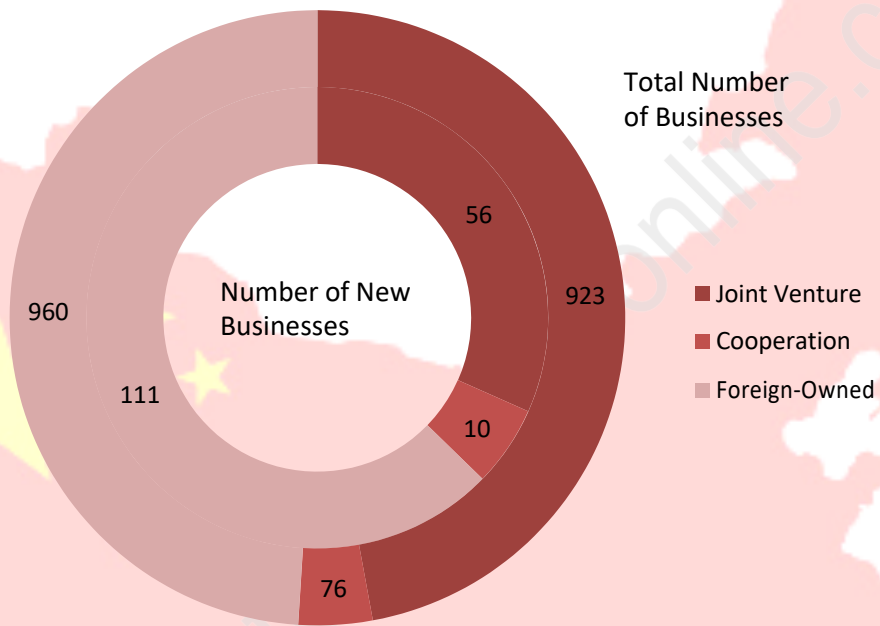


8 FDI

8.1 Data⁶

8.1.1 Main Economic Indicators of Foreign Invested Enterprises

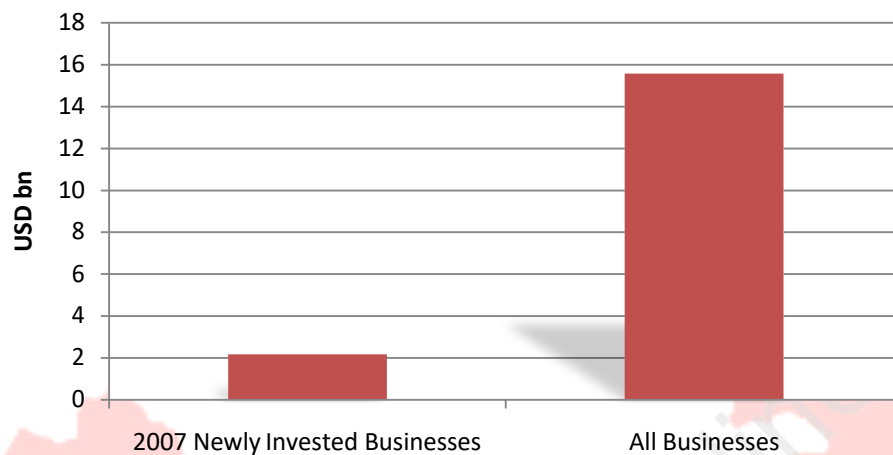
Number of Businesses by Investment Type 2007



Source: Wuhan Municipal Government

⁶ Additional FDI data are included in the appendix section of this report.

Total Investment Value of Foreign-Invested Enterprises



Source: Wuhan Municipal Government

8.2 Government Policy and Investment Incentives⁷

The Wuhan municipal government offers certain incentives to both wholly-owned foreign enterprises and Sino-foreign joint ventures invested in the city. These incentives, once limited to export-heavy industries, have expanded to include a wider variety of industries in the years following China's accession to the World Trade Organisation.

Wuhan has tied incentives into industries that establish themselves inside one of the city's economic development zones. These development zones, of which the two largest are the Wuhan East Lake High-Tech Development Zone and the Wuhan Economic and Technological Development Zone, offer additional advantages to firms that include proximity to transport modes and access to a large pool of qualified university graduates.

In general, most investment-incentives accorded to firms operating in Wuhan come in the form of tax relief. According to the Wuhan municipal government, the following incentives are available to foreign invested enterprises:

- 1 Full exemption from 30 percent corporate income taxes, 20 percent withholding tax, and 3 percent local corporate income taxes**

⁷ Additional government policy information is included in the appendix section of this report.

- 1.1 A **permanent corporate income tax holiday** is available to foreign financial institutions for interests on loans to the Chinese government and to China's National Bank- these are available for profits derived from royalties on technologies deemed to be advanced
- 1.2 A **five-year corporate income tax holiday** is available for the first five profitable years of Sino-foreign joint ventures in energy, transport, and infrastructure with an operating term of at least 15 years. The holiday is also available for the first five profitable years of approved integrated circuit manufacturers with an operating term of at least 15 years.
- 1.3 A **two-year corporate income tax holiday** is available for the first two profitable years of investment for high-tech industries located in Wuhan's development zone. It's available for the first two profitable years of approved integrated circuit and software enterprises.
- 1.4 **Exemptions from a 20 percent standard withholding tax** are available for: foreign investors' gains secured by the right to share profits by proportion of investment, stock rights, or other non-creditor rights business; for interest on loans by international financial institutions to the Chinese government and China's National Bank; for interest at preferential rates on loans to China's National Bank by foreign banks; and for gains from chartered rights and use fees acquired by providing special approved technology for scientific research, energy exploitation, and transportation development.
- 1.5 **Exemptions from a 3 percent local corporate income tax** are available for all investments which qualify for federal corporate income tax exemptions or reductions.

2 Concessionary Tax Rates

- 2.1 A **six year 7.5 percent tax rate** is available for profitable years six through eleven of high-tech industries located in Wuhan's development zones.
- 2.2 A **five-year 7.5 percent tax rate** is available for profitable years six through ten of approved integrated circuit manufacturers with an operating term of at least 15 years and is available for years six through then of infrastructure construction projects.
- 2.3 A **one-year renewable 10 percent tax rate** is available in Wuhan's development zones for profitable years after the tax holiday and reduced rates have expired for companies exporting more than 40 percent of total production in any given year. The rate is also available in the development zones for profitable years after the tax holiday and reduced rate have expired, and for companies exporting more than 70 percent of total production in any given year.
- 2.4 A **continuous 10 percent tax rate** is available for profits derived from royalties on technical knowledge from scientific research, exploitation of energy resources, development of the communications industry, agricultural, forestry, and animal husbandry production. The rate is also available to software companies deemed to be key enterprises by the state, regardless of their location, when other preferential tax rates no longer apply.
- 2.5 A **continuous 15 percent tax rate** is available for investments in manufacturing located outside of the

special zones for companies engaged in high-tech projects, energy, communications, and port construction, or having a value of more than USD 30m with a long investment payback period. The rate is also available for high-tech investments in the development zones after the initial tax holiday and reduction periods expire, and for approved integrated circuit manufacturers, regardless of location, that do not qualify for other preferential tax rates.

- 2.6 **A continuous 24 percent tax rate** is available for foreign investments in manufacturing not listed above that have an operating term of over 10 years.

3 Income Tax Deductions, Allowances, and Credits

- 3.1 **Income tax losses can offset the following year's gains.** A 'carry forward' of any unused portion is permitted for up to five additional consecutive years.

- 3.2 **Accelerated depreciation** is available for software and for machinery and equipment of approved manufacturers of integrated circuits.

- 3.3 Software and approved integrated circuit enterprises may be eligible for **a tax deduction of 50 percent of research and development expenses** incurred during a single year, provided that those expenses exceed the previous year's research and development (R&D) expenses by not less than 10 percent

- 3.4 Foreign investors reinvesting their share of profits in the same investments or in new businesses that employ advanced technologies, with an operating term of at least five years, **may receive a refund of 100 percent of the income tax** already levied on the reinvested amount

- 3.5 Foreign investors reinvesting their share of profits in the same investments or in new businesses not employing advanced technologies, with an operating term of at least five years, **may receive a refund of 40 percent of the income tax** already levied on the reinvested amount.

4 Non-income Taxes

- 4.1 Exemptions from the Value-Added Tax (VAT) are available for imported goods used in the processing of export products and to approved integrated circuit manufacturers and software enterprises for the import of raw materials for production and consumption goods for their own use, and for the import of technology and special equipment necessary to production.

- 4.2 Rebate of a portion of the 17 percent VAT paid by software manufacturers: the amount of VAT in excess of 6 percent charged to integrated circuit manufacturers for the sale of IC products may be rebated until the end of 2010, provided the differential is used for research and development or expanded production of software products. The rebated amount may be treated as tax-exempt income for income tax products

- 4.3 Rebate of a portion of the 17 percent VAT paid by software manufacturers: the amount of VAT in excess of 3 percent charged to software manufacturers for the sale of software products may be rebated until the end of 2010, provided the differential is used for R&D or expanded production of software products.

The rebated amount may be treated as tax-exempt income for income tax purposes

5 Visas and Work Permits

- 5.1 Employees engaged in major high-tech projects, and employees and senior managers of large-scale investments may receive multiple-entrance visas.
- 5.2 Employees engaged in major high-tech projects, and employees and senior managers of large-scale investments may receive residency permits of a duration lasting from 3 to 5 years.



9 Approval Process for WOFE and JVs

Wuhan WOFE Flow Chart

1. Administration for Industry and Commerce
Company name pre check and filing

2. Bureau of Quality Supervision: Inspection and
Quarantine Organization code pre filing

3. Bureau of Commerce:
Approval certificate

4. Administration for Industry and Commerce
Business License

5. Police Station
Stamps

6. Bureau of Quality Supervision, Inspection and
Quarantine: Organization Code Certificate

7. Bank
Open a company account

8. Local/State Tax Bureau
Local/State Tax Registration Certificates

9. Administration of Foreign Exchange and Bank
Get approval and transfer money from outside of China

10. Certified accountant
Capital verification

11. Administration for Industry and Commerce
Change the new/real Business License

For branches, this requires the approval of the Bureau of Commerce from the parent company's city.

For registered capital above USD30m, the approval is only allowed at the Municipal Bureau of Commerce, less than USD30m, the right of approval is given to Bureau of Commerce at district level.

Wuhan municipal government launched a new policy, unusual among Chinese cities, that allows enterprises to apply for a combined examination and approval, effectively accomplishing steps 4, 5, 6, and 8 simultaneously after getting an Approval Certificate (Step No.3).

Within one week, an investor can skip to stages 7 and 9. This policy applies for both Chinese and foreign investors.

Process For Opening a WOFE or JV

1. Administration for Industry and Commerce (AIC)-Company name approval
 - a. The investor first finds a Chinese name for the company to be set up, and two alternative names, as there are possibilities that someone else has already registered the chosen name.
 - b. Time: One day, processing begins almost immediately after checking if the name has been used before. The AIC will issue a name approval letter to the investor.
 - c. Validity: the approved name is only valid for six months, after that the name is automatically available for other investors.
 - d. Fee: 0
 - e. Documents required:
 - i. Name Approval Application Form;
 - ii. Identification of Investor(s): a passport and in some cases a notarised photocopy of passport authenticated by Chinese embassy in the investors' country of origin.
2. Bureau of Quality Supervision, Inspection and Quarantine (BQSIQ)—Organisation Code
 - a. With the name approval letter from the AIC, the investor applies for a Organisation Code at the Bureau of Quality Supervision, Inspection and Quarantine. The BQSIQ will first give the investor a pre-approval letter with a Code on it, then upon receipt of Business License, the investor can apply for an Organisation Code Certificate.
3. Bureau of Commerce—Approval Certificate
 - a. With letters from Step 1 and Step 2, the investor applies to the Bureau of Commerce for the establishment of company. With this approval certificate, the investor can apply for a Business License.
 - i. For establishment of branches, it requires the approval of establishing branches from the Bureau of Commerce of the parent company's city
 - b. For registered capital above USD30 million, the approval is only allowed at the Municipal Bureau of Commerce. For registered capital of less than USD30 million, the approval is given to Bureau of Commerce at the district level.
 - c. Documents required:
 - i. For JV only
 1. Letter of Intent of memo of understanding (MOU) (written and signed by the investor)
 2. Application Form for the Establishment of Foreign Invested Enterprise
 3. Feasibility report
 4. Cooperation agreement, contract and Articles of Incorporation
 5. Appointment letters for the JV's Chairman, Vice Chairman, Legal Representative, and a name list of all directors, as well as a photocopy of their IDs
 6. Business License and Legal Representative's ID from the Chinese investor;
 - a. for investors from outside of China, registration certificate, creditability and financial information, and the legal representative's ID are required, and all documents need to be notarised and certified by the Notary Public Office and the Chinese Embassy
 7. Name Approval Letter issued by AIC;
 8. Type, specification, amount, and price of equipment the company plans to import

9. Deed and Lease for business site
10. When an agent is acting of behalf of the investor to file the forms, an authorisation letter is required

ii. For WOFE only

1. Letter of Intent (written and signed by the investor);
2. Application Form for the Establishment of Foreign Invested Enterprise;
3. Feasibility report (created by the investors);
4. Corporation Articles of the WOFE (original plus five copies);
5. Appointment letters for the Chairman, Directors, Legal Representatives and a list of all director names, as well as a photocopy of their IDs;
6. Registration certificate, creditability and financial information (for individual investors, a bank statement showing the investor's asset is enough, as the assets should be more than the investment), and legal representative's ID as well as the investor's ID are required, and all documents need to be notarised and certified by Notary Public Office and Chinese Embassy.
7. Name Approval Letter issued by AIC;
8. Type, specification, amount, and price of equipment if the company needs to import equipment;
9. When a delegate is dealing with the registration process on behalf of the investor, an authorisation letter is required;
10. Deed and Lease of the business site;
11. Forms required by the BOC.

4. Administration for Industry and Commerce-Business License

- a. With the Approval Certificate from BOC, investors can now apply for a Business License at the AIC, however, this Business License is with zero paid-in capital, only for the purpose of fulfilling the remaining establishment steps. Investors need to reply for an updated Business License after capital registration.
- b. This application must be conducted within 30 days after receiving the Approval Certificate;
- c. Time: 5 business days;
- d. Fees: For firms with registered capital less than or equal to CNY10m, the fee is 0.08%;
- e. For firms with registered capital greater than CNY10m, the fee is 0.04% of the exceeded amount;
- f. For firms with registered capital of greater than CNY100m, there is no fee. The lowest charge is CNY50, each duplicate charge CNY10.
- g. Documents required:
 1. Application Form for the Registration of Foreign Invested Enterprise;
 2. Approval Certificate issued by the BOC (Official Reply and Certificate Duplicate 1);
 3. Corporation Articles;
 4. ID or Certificate of the investor;
 5. ID and Appointment Letter of Director, Supervisor and General Manager;
 6. Deed and Lease of the business site;
 7. Minute of the Board Conference of the Company Establishment;
 8. Proof of the investor's creditability and financial status;

9. Other forms required by the AIC.

5. Public Security Bureau—Seals

- a. Each company needs five stamps: Company Seal, Legal Representative's Seal, Finance Seal, Contract Seal and Invoice Seal.
- b. At the local Public Security Bureau, investors can apply for stamps with the Business License. Each stamp comes with a ID number. Should any of the seals be lost, the investor has to put up a notice in a PSB-designated newspaper before applying for a new chop.
- c. Only with the stamps can the company then proceed with the remaining steps.
- d. With stamps, the company can apply to the AIC for an Introduction Letter to Bank for Opening an Account.

6. Bureau of Quality Supervision, Inspection and Quarantine--Organisation Code Certificate

- a. Time: 1 day, on the spot;
- b. Fee: CNY108, CNY40 for an electronic duplicate;
- c. Documents required:
 1. Application for the Company Establishment (signed by the legal representative);
 2. Business license, ID of legal representative or person in charge;
 3. Company seal;
 4. ID of agent or delegate.

7. Local/State Tax Bureau--Local/State Tax Registration Certificates

- a. Before registering at Local/State Tax Bureau, the company must first open a Chinese currency account at a local bank;
- b. This step must be conducted within 30 days upon receiving the Business License;
- c. Documents required:
 1. Business license;
 2. Organisation Code Certificate;
 3. Corporation Articles;
 4. ID of Legal representatives;
 5. Deed and Lease of business site;

8. Administration of Foreign Exchange-- Get approval and Foreign Currency Certificate

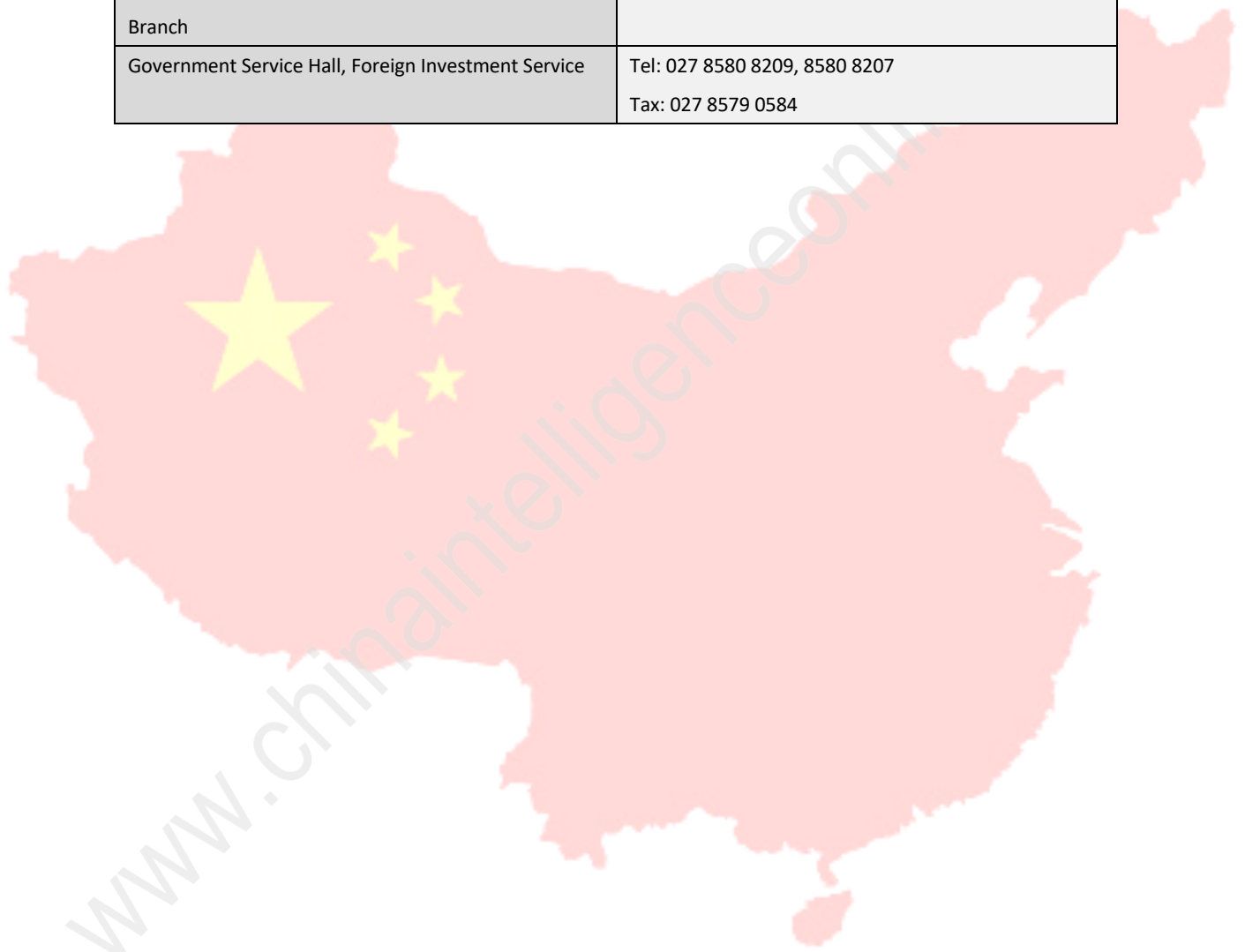
- a. The company now can apply to the AFE for their approval of opening a foreign currency account for the company;
- b. When opening both Chinese and foreign currency account, the legal representative's signature or seal is required to be filed for future money transfers. While Western investors often prefer signatures, their use means that in any future transactions and business deals the signature has to be exactly the same as the one signed at the bank, sometimes requiring the presence of the investors themselves. This can cause an inconvenience;
- c. Local AFEs are built in the local branch of the People's Bank of China. Capital Project Department is in charge of company establishment capital;
- d. Documents required:
 1. Application for the Foreign Currency Certificate;
 2. Business license;
 3. Corporation Articles;

4. Organisation code;
 5. Tax registrations (both local and state);
 6. Lease and deed of business site;
 7. Approval certificate from BOC;
 8. Forms required to be filled out by the AFE.
9. Bank- Open an foreign currency account and transfer money
- a. The foreign currency account shall be in the same currency as the one applied to and filed at the AFE;
 - b. The registered capital can be transferred at one time or at multiple times as stated in the Corporation Articles, and before the deadline in the Corporation Articles, which can be set by the investors. However, it is recommended that this time period does not exceed 6 months;
 - c. Important: registered capital must travel from outside of China into the company account in order to make it foreign invested;
 - d. The amount of transferred money is also very important, and it is recommended to have the exact amount as registered upon arrival, but investors must take transfer fees and exchange rates into consideration.
 1. Application for opening an account;
 2. ID of investor and legal representative;
 3. Foreign Currency Certificate;
 4. Approval for opening an account (issued by the AFE along with the Foreign Currency Certificate);
 5. Business License;
 6. Organisation code;
 7. Tax registrations (both local and state);
 8. Approval certificate from the BOC;
 9. Forms required by the bank.
10. Certified accountant—capital verification
- a. A certified accountant is required to conduct the capital verification;
 - b. Transferred foreign currency for capital verification is calculated according to the arrival day's exchange rate, though this applies only to the capital verification. When changing them into CNY for other purposes, the market rate for the specific date will be used.
11. With the Capital Verification Report, the company can apply to the AIC for a changed Business License with the exact amount of paid-in capital appearing on it.

Source: CIG

Useful Contacts

General	
Administration for Industry and Commerce	Tel: 027 8563 3126
Wuhan Local Tax Bureau	Tel: 027 8242 0110
Wuhan Municipal Bureau of Commerce	Tel: 027 8281 2660
State Administration of Foreign Exchange Hubei Branch	Tel: 027 8732 7340
Government Service Hall, Foreign Investment Service	Tel: 027 8580 8209, 8580 8207 Tax: 027 8579 0584



10.1 Wuhan Government Contacts

English	Chinese
<p>Wuhan City Government Mayor: Ruan Cheng fa Mayors: Yong Yue, Zhang Xuemang, Liu Shunni, Yin Weizhen, Sun Ya, Shao Weimin Website: www.wh.gov.cn/</p>	<p>武汉市人民政府 市长: 阮成发 副市长: 岳勇, 张学忙, 刘顺妮, 尹维真, 孙亚, 邵为民 网站: www.wh.gov.cn/</p>
<p>China Council for the Promotion of International Trade Hubei Sub-Council Address: 15/F, 8 Jiangnan Beilu, Wuhan, Hubei Province, China Post Code: 430022 Tel: 027 8575 7573 Fax: 027 8577 5174 Website: http://www.hbccpit.org/</p>	<p>中国国际贸易促进委员会湖北省分会 副会长: 阮继清 地址: 武汉江汉北路 8 号 15 楼 邮编: 430022 电话: 027 8575 7573 传真: 027 8577 5174 网站: http://www.hbccpit.org/</p>
<p>Wuhan Commercial Bureau Director Lin Xiao Bin Address 27-29 Lai Huangpi Road, Jiang'an District, Wuhan, Hubei Province, China Post Code: 430017 Tel: 027 8279 6638/027 8279 6639 Website: www.whcc.com.cn/</p>	<p>武汉市商务局 局长: 林肖滨 地址: 武汉市江岸区黎黄陂路 27-29 号 邮编: 430017 电话: : 027 8279 6638/027 8279 6639 网站: www.whcc.com.cn/</p>
<p>Wuhan Municipal Economic Commission Chief of the Bureau: 余信国 Address: 6/F, Binjiang Hotel, 2 Shanhaiguan Lu, Jiang'an District, Wuhan, Hubei Province, China Post Code: 430010 Tel: 027 8273 8101 Website: www.whcc.gov.cn/</p>	<p>武汉市经济委员会 主任: 余信国 地址: 武汉市江岸区山海关路 2 号滨江饭店 6 楼 邮编: 430010 电话: 027 8273 8101 网站: www.whcc.gov.cn/</p>
<p>Wuhan Administration of Industry and Commerce Chief of the Bureau: Wu Qing Address: 249 Xianggang Lu, Jiangnan District, Wuhan, Hubei Province, China Post Code: 430015 Tel: 027 8562 3210 Website: www.whhd.gov.cn/</p>	<p>武汉市工商行政管理局 局长: 吴清 地址: 湖北省武汉市江汉区香港路 259 号邮政 编码 邮编: 430015 电话: 027 8562 3210 网站: www.whhd.gov.cn/</p>

<p>Wuhan City Information</p> <p>Office Director: Huang Jia Xi</p> <p>Address: 157, Yangtze River Road, Wuhan City, Hubei Province, China</p> <p>Post Code: 430014</p> <p>Tel: 027 8282 7772</p> <p>Website: www.whbii.gov.cn</p>	<p>武汉市信息产业局</p> <p>局长: 黄家喜</p> <p>湖北省武汉市沿江大道 157 号</p> <p>地址: 湖北省武汉市沿江大道 157 号</p> <p>邮编: 430014</p> <p>电话: 027 8282 7772</p> <p>网站: www.whbii.gov.cn</p>
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<p>Wuhan Science and Technology Bureau</p> <p>Chief of the Bureau: Yang Xinnian</p> <p>Address: Wuhan, Science and Technology building, 164, Fazhan high Street, Hankou, Wuhan, Hubei Province, China</p> <p>Post Code: 430023</p> <p>Tel: 027 6569 2122</p> <p>Website: www.whst.gov.cn/</p>	<p>武汉市科学技术局</p> <p>局长: 杨新年</p> <p>地址: 武汉市汉口发展大道 164 号武汉科技大厦</p> <p>邮编: 430023</p> <p>电话: 027 6569 2122</p> <p>网站: www.whst.gov.cn/</p>
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10.1.1 Facility Contact Details

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<p>Wuhan Exporting Processing Zones</p> <p>Office address: 145, HunYang Road, Wuhan, Hubei Province, China</p> <p>Tel: 027 8489 8121/8489 2700</p> <p>Fax: 027 8489 1004</p> <p>Post Code: 430000</p> <p>Website: www.hongxi.com</p>	<p>武汉出口加工区</p> <p>办公地址: 沌阳大道 145 号</p> <p>电话: 027 8489 8121/8489 2700</p> <p>传真: 027 8489 1004</p> <p>邮编: 430000</p> <p>网址: www.hongxi.com</p>
<p>Wuhan East Lake High-Tech Development Zone</p> <p>Address: 546, Luoyu Road, Wuhan, Hubei Province, China</p> <p>Tel: 027 8780 4115</p> <p>Post Code: 430079</p> <p>Website: www.wehdz.gov.cn</p>	<p>武汉东湖新技术开发区</p> <p>地址 武汉市洪山区珞喻路 546 号</p> <p>电话: 027 8780 4115</p> <p>邮编: 430079</p> <p>网址: www.wehdz.gov.cn</p>
<p>Wuhan Wujiashan Taiwan Investment Zone</p> <p>Modern Hardware & Electrical City Complex Building, 5th floor, Wuhan City, Hubei, China</p> <p>Tel: 027 8325 9448/8325 9013</p> <p>Fax: 027 8325 9003</p> <p>Postcode :430040</p> <p>Website: www.wjs.cn</p>	<p>武汉吴家山台商工业园区</p> <p>武汉市东西湖区吴家山十二支沟(湖北现代五金机电城综合楼五楼</p> <p>电话:13507199018/8325 9448</p> <p>传真: 027 8325 9003</p> <p>邮政编码:430040</p> <p>网址: www.wjs.cn</p>

<p>Wuhan Economic & Technological Development Zone Information Centre DunYang Building, 5th Floor Tel: 027 8489 1507 Fax: 027 8489 8121 Post Code: 430056 Website: www.wedz.gov.cn</p>	<p>武汉经济技术开发区 武汉经济技术开发区沌阳大厦 5 楼信息中心 电话: 027 8489 1507 传真: 027 8489 8121 邮编: 430056 网址: www.wedz.gov.cn</p>
<p>Wuhan Yangtze International School San Jiao Hu Xiao Xue Address: Wuhan Economic & Technology Development Zone, Wuhan, Hubei Province, China Tel: 027 8423 8713 Fax: 027 8423 8726 Post Code: 430056 Website: www.wyischina.com</p>	<p>武汉长江国际学校 地址: 武汉市武汉经济技术开发区, 三角湖小学 电 话 027 8423 8713 传真: 027 8423 8726 邮编: 430056 网址: www.wyischina.com</p>
<p>Wuhan Maple Leaf Foreign Nationals School Address: 1018 Minzu Road, East Lake High-tech Development Zone Wuhan, Hubei Province, China Tel: 027 8192 5705 Post Code: 430074 Website: www.mapleleafschools.com</p>	<p>枫叶教育集团 地址: 湖北省武汉市东湖新技术开发区民族大道 1016 号 电话: 027 8192 5706 传真: 027 8192 5704 邮编: 430074 网址: www.mapleleafschools.com</p>

<p>Wuhan Kindergarten (member of US Sino Education consortium)</p> <p>Address: 49 Jianshe Yi Lu, Qingshan District, Wuhan, Hubei Province, China</p> <p>Tel: 027 8688 5115</p> <p>Post Code: 430080</p>	<p>武汉幼儿园</p> <p>地址: 武汉 建设一路 49, 青山区</p> <p>电话 027 8688 5115</p> <p>邮编: 430080</p>
<p>Tongji Medical University</p> <p>Address: 13 Hangkong Lu, Wuhan</p> <p>Tel: 027 8369 1114</p> <p>Fax: 027 8369 2816</p> <p>Post Code: 430030</p> <p>Website: www.tjmu.edu.cn</p>	<p>华中科技大学同济医学院 学院办公室</p> <p>地址: 武汉.航空路 13 号</p> <p>电话: 027 8369 1114</p> <p>传真: 027 8369 2816</p> <p>邮编: 430030</p> <p>网址: www.tjmu.edu.cn</p>
<p>Wuhan Union Hospital of China</p> <p>Address: 1277, Jiefang Road, Wuhan, Hubei Province, China</p> <p>Tel: 027 8572 6196/ 8572 6439</p> <p>Post code: 430022</p> <p>Website: www.whuh.com</p>	<p>华中科技大学同济医学院附属协和医院</p> <p>地址: 湖北省武汉市解放大道 1277 号</p> <p>电话: 027 8572 6196 /8572 6439</p> <p>邮编: 430022</p> <p>网址: www.whuh.com</p>

10.1.2 Freight Forwarders

English	Chinese
<p>Clare Freight International (Beijing) Co., Ltd.</p> <p>Wuhan Branch office</p> <p>Address : 1808 Nanda Mansion, 63 Xinhua Road, Wuhan, Hubei Province, China</p> <p>Post code: 430015</p> <p>Phone: 027 8561 6055</p>	<p>可利国际货运代理 北京 有限公司武汉分公司</p> <p>地址武汉市新华下路 63 号南达大厦 1808 室</p> <p>电话 027 8561 6055</p>
<p>CMST Beijing International Freight Forwarding Co.</p> <p>Wuhan Branch</p> <p>Address: 5/F Zhongchu Hotel, 14 Sanyang Road, Jiang'an, Wuhan</p> <p>Post code: 430014</p> <p>Phone: 027 6256 2253</p>	<p>北京中储国际货运代理有限公司武汉分公司</p> <p>地址 武汉市江岸区三阳路 14 号中储宾馆 5 楼</p> <p>邮编 430014</p> <p>电话 027 6256 2253</p>
<p>DDAO-DHL Danzas Air & Ocean Wuhan Office</p> <p>Address: 3423 Wuhan World Trade Building, 686 Jiefang Avenue, Hankou, Wuhan, Hubei Province, China</p> <p>Post Code: 430032</p>	<p>丹沙货运武汉办事处</p> <p>地址: 中国湖北省武汉市汉口解放大道 686 号世贸大厦 3423</p> <p>邮编: 430032</p> <p>电话: 027 5950 2608</p>

Tel: 027 5950 2608	
JHJ International Transportation Co., Ltd Address: Room901-905, 9 Floor Truroll Plaza, Wusheng Rd, Wuhan, Hubei Province, China Post Code: 430033 Tel: 027- 8551 0866	锦海捷亚国际货运有限公司 地址: 武汉市武胜路泰合广场 901-904 室 邮编: 430033 电话: 027 8551 0866
Korean Air Cargo Wuhan, Hubei, Room RM 3505, New World Int'l Trade Tower, 568 Jianshe AVE, Hankou, Wuhan, Hubei Province, China Post code 430015 Tel: 027-8556-1581	大韩航空公司 地址: 中国, 武汉市汉口建设大地址 道 568 号, 新世界国际贸易大楼,3505 室 邮编: 430015 电话: 027-8556-1581
Primy Ocean air Logistics CO., LTD Address: Room 2305,New Beacon International Hotel, No.231 Xinhua Road, Wuhan , Hubei Province, China Post Code: 430040 Tel: 027-59538540 / 59538541 / 59538542	上海齐通国际货物运输代理有限公司 地址: 湖北省武汉市汉口新华路 231 号 纽宾凯酒店 2305 室 邮编: 430040 电话: 027-59538540/59538541/59538542
Rex Logistics Co., Ltd. Wuhan Office Address: 1408 China Merchants Bank Building, 518 Jianshe Avenue, Wuhan, Hubei Province, China Post Code: 430022 Tel: 027-8574 3978	货捷国际运输代理有限公司武汉办事处 地址: 中国湖北省武汉市建设大道 518 号 招银大厦 14 层 08 单元 邮编: 430022 电话: 027-8574 3978
SDV International Logistics Address: Room 3315 World Trade Building, 686 Jiefang Avenue, Wuhan, Hubei Province, China Post Code: 430022 Tel 027-5952 7227	香港仕嘉货运(中国)有限公司 地址: 中国 湖北 武汉解放路 686 号, 世界贸易大厦 3315 室 邮编: 430022 电话: 027-5952 7227
Shanghai Air Sea Transport Inc Address 4-1103 ,A seat, Tongcheng square, 538 jianshe avenue, Wuhan, Hubei Province, China Post code: 430022 Tel: 027-59518253/54/44	上海天原国际货运有限公司武汉分公司 地址: 武汉市建设大道 538 号同成广场 A4-1103 座 邮编: 430022 电话: 027-59518253/54/44
Shanghai Asian Development International Trans Pudong Co., Ltd. Wuhan Branch Address: 1806 Worthy of International, 23 Baofeng Road, Wuhan, Hubei Province, China Post Code: 430014 Tel: 027-8362 6997	上海亚东国际货运有限公司武汉分公司 地址: 中国湖北省武汉市宝丰路 23 号 天骄国际大厦 1806 邮编: 430014 电话: 027-8362 6997
Shanghai Rijin International Freight Co., Ltd Address: Unit 2110-2115,21/F Fuxing International Business Building, No.186 XinHua Road, Wuhan, Hubei	上海日进国际货运分公司 地址: 中国湖北武汉新华路 186 号 复兴国际业务大厦 2110-2115,21 楼

Province, China Post Code: 430014 Tel: 027-85554127	邮编: 430014 电话: 027-85554127
Sinotrans Air Transportation Development Co., Ltd Hubei Branch Address: 7 th Floor, Block A, Yimei Plaza, No. 392 Xinhua Road, Jiangnan District, Wuhan, Hubei Province, China Post Code: 430022 Tel: 027 -85801543	中外运空运发展股份有限公司湖北分公司 地址: 武汉市江汉区新华路 392 号 怡美广场 A 座七楼邮 邮编: 430022 电话: 027 -85801543
Victory Maritime Services (China) Ltd. Wuhan Branch Address: 503, 128 Huangpu Street, Jiang'an, Wuhan, Hubei Province, China Post Code: 430017 Tel: 027-8536 2207	永利东方国际货运服务有限责任公司武汉分公司 地址: 中国湖北省武汉市江岸区 黄浦街 128 号 503 室 邮编: 430017 电话: 027-8536 2207
Wuhan Zhongshi Logistics Co., Ltd Address: 10D1, World City Constellation, No. 28 Changjiang Daily, Wuhan, Hubei Province, China Post Code: 430015 Tel: 027-85619459/ 027-85619449	武汉中实物流有限公司 地址: 中国,武汉市武汉长江日报路 28 号 天下城市星座 10D1 邮编: 430015 电话: 027-85619459/ 027-85619449
Yangcheng International Address : Building 1101, South Block, Hyundai, 317 Zhongshan Road Wuchang District, Wuhan, Hubei Province, China Post Code: 430000 Tel: 027-88875166 /88876166 / 88877366 88877466	洋诚国际(武汉)分公司 地址: 武汉市武昌区中山路 317 号 现代大厦南座 1101 邮编: 430000 电话: 027-88875166 /88876166 /88877366 / 88877466

11 Appendix

11.1 English to Chinese Glossary

English	Chinese
Wuhan City Circle Network	
Xiaogan	孝感
Qianjing	前景
Tianmen	天门
Xiantao	仙桃
Xianning	咸宁
Huangshi	黄石
Ezhou	鄂州
Huanggang	黄冈
Wuhan Companies	
Wuhan Iron & Steel Company	武汉钢铁公司
Dongfeng Auto	东风汽车
Wuhan City Districts	
Donghu	东湖
Zhekou	折扣
Hanyang	汉阳
Hangshan	行山
Jiang'an	江岸
Jianghan	江汉
Jiangxia	降下
Qiaotou	桥头
Qingshan	青山
Wuchang	武昌
Hankou	汉口
Wuhan Infrastructure Projects	
Erqi Yangtze River Bridge	武汉二期长江大桥
Wuhan Tianxingzhou Yangtze River Bridge	武汉天兴洲大桥
Wuhan Station	武汉火车站
Wuhan Development Zones	
Wuhan East Lake Development Zone	无哈东湖开发区
Wuhan Economic and Technological Development Zone	武汉经济技术开发区
Wuhan Wujiashan Taiwan Investment Zone	武汉吴家山台商投资区

11.2 Catalogue of Priority Industries for Foreign Investment in Central and

Western China- Hubei Province

1. Development of technology for application and protection of agriculture
2. Development of technology for apparel and high-end textile
3. Development of medical non-women textile production
4. Development and production of animal and plant resources medicines ('the Industrial Catalogue For Foreign Investment ', except for prohibited class)
5. Silk products deep processing
6. Packaging and decorating of printed matters
7. Industries of special varieties (ultra white, ultra-thin, on-line Low-E), high-quality float glass technology and process
8. Nissan's production of 4000 tons of cement clinker
9. Air-conditioning, energy of efficient compressors and spare parts manufacturing
10. Auto Parts Manufacturing (auto gearbox, automobile engine crankshaft, connecting rod, cylinder block, cylinder head, engine electronic injection system, car shock absorber, clutch, engine timing chain, automotive lights, automotive instrument)
11. Production of main components for machine tools (high-speed spindle, knife library, Power Chuck)
12. Special steel wire rope, steel manufacturing (average tensile strength of > 2200MPa)
13. Laser development and medical equipment manufacturing
14. Opto-electronics technology and products development (including optical fibre perform, semiconductor light-emitting diode LED)
15. Value-added telecommunications business (subject to commitments in the framework of China's accession to the WTO)
16. Road passenger transportation (China Holdings)
17. Vocational education institutions (limited to cooperation)
18. Automobile filling stations construction
19. Urban gas supply, heating, construction of drainage network, and exploitation (major cities in China Holdings)
20. Protection of tourist areas, development, exploitation, construction of supporting facilities.

11.3 Encouraged, Restricted, and Prohibited FDI in China

11.3.1 Encouraged Foreign Investment Industries

I. Farming, Forestry, Animal Husbandry and Fishery Industries

1. Improvement of low and medium yielding field
2. Planting, development and production of woody edible oil, ingredient and industrial raw material
3. Planting technology, without social effects of pollution, of vegetables (including edible fungus and melon-watermelon dried fruits, teas and serial development and production of these products)
4. Development and production of new technology of sugar-yielding crops, fruit trees, forage grass
5. Production of flowers and plants, and construction and operation of nursery base

6. Planting of rubber, sisals and coffees
7. Cultivation of traditional Chinese medicines (limited to equity joint ventures or contractual joint ventures)
8. Reusing in fields and comprehensive utilisation of straws and stalks of crop, development and production of resources of organic fertilizers
9. Planting of forest trees (including bamboo) and cultivation of fine strains of forest trees and cultivation of new breed varieties of polyploid trees and genetically engineered forest trees
10. Breeding of aquatic offspring (excluding precious quality varieties peculiar to China)
11. Construction and operation of ecological environment protection projects preventing and treating desertification and soil erosion such as planting trees and grasses, etc.
12. Breeding of aquatic products, cage culture in deep water, large-scale breeding of aquatic products and breeding of eco-ocean products

II. Mining and Quarrying Industries

1. Prospecting, exploitation and utilisation of coal-bed gas (limited to equity joint ventures or contractual joint ventures)
2. Venture prospecting and exploitation of petroleum, natural gas (limited to equity joint ventures or contractual joint ventures)
3. Exploitation of oil and gas deposits (fields) with low osmosis (limited to equity joint ventures or contractual joint ventures)
4. Development and application of new technologies that can increase the recovery factor of crude oil (limited to equity joint ventures or contractual joint ventures)
5. Development and application of new technologies for prospecting and exploitation of petroleum, such as geophysical prospecting, well drilling, well-logging and down hole operation, etc. (limited to contractual joint ventures)
6. Prospecting and exploitation of such conventional oil resources as oil shale, oil sand, heavy oil and super heavy Oil (limited to contractual joint ventures)
7. Prospecting, exploitation, and beneficiation of iron ores and manganese ores
8. Development and application of new technologies for improving the utility of tailings and the comprehensive utilisation of recovery technology of the mine ecology
9. Prospecting and exploitation of submarine flammable ice (limited to contractual joint ventures)

III. Manufacturing Industries

1. Farm Products Processing Industry
 - (1) Development and production of biology feeds, straws and stalks feeds and aquatic feeds
 - (2) Aquatic products processing, seashell products cleansing and processing, and development of function food made from seaweed
 - (3) Storage and processing of vegetables, dried fruits, fowl and livestock products
2. Food Manufacturing Industry
 - (1) Development and production of food for babies and agedness, as well as function food
 - (2) Development, production and processing of forest food
 - (3) Production of natural additive for foodstuff and food ingredients (limited to equity joint ventures or contractual joint ventures)
3. Drinks Manufacturing Industry
 - (1) Development and production of drinks of fruits, vegetables, albumen, tea, coffee and vegetables
4. Tobacco Processing Industry

- (1) Production of secondary cellulose acetate and processing of tows (limited to equity joint ventures or contractual joint ventures)
- (2) Production of tobacco slices in the way of paper making (limited to equity joint ventures or contractual joint ventures)
- (3) Production of filter rods (limited to equity joint ventures or contractual joint ventures)

5. Textile Industry

- (1) Production of special textiles for industrial use with high and new technology
- (2) Weaving and dyeing as well as post dressing of high-grade loomage face fabric
- (3) Processing of special natural fibre products satisfying the requirement of comprehensive utilisation of ecology and resources and environment protection (including other animal fibre, fibrilia, bamboo fibre, mulberry silk and coloured cotton other than wool)
- (4) Production of clothes with computer integrated manufacturing system
- (5) Production of top-grade carpet, embroider and drawn work product

6. Leather, Coat and Feather (Down and Feather) Products Industry

- (1) Cleaning processing of leather and fur
- (2) Post ornament and processing of leather with new technology
- (3) Top-grade leather (sofa leather and car cushion leather)

7. Lumber Processing Industry and Wood Bamboo, Pine, Palm, Grass Products Industry

- (1) Development and production of new technology and products for the comprehensive utilisation of "sub-quality, small wood and fuel wood" and bamboo in the forest area

8. Paper Making and Paper Products Industry

- (1) Project based on the mode of integration of forest and paper with an annual production capacity of over 300,000 tonnes of chemical wood pulp or an annual production capacity of over 100 thousand tons of chemical mechanical wood pulp (limited to equity joint ventures or contractual joint ventures)

9. Petroleum Refining and Coking Industry

- (1) Deep processing of needle coke and coal tar

10. Chemical Raw Material and Products Manufacturing Industry

- (1) Production of ethylene with an annual production capacity of 600,000 tons or over (The Chinese party shall hold a relative majority of shares)
- (2) Processing and manufacturing of derivatives of downstream products of ethylene and comprehensive utilisation of ethylene side-products such as C4-C9
- (3) Production of ethylene with an annual production capacity of 200,000 tons or over Polyvinyl chloride resin (in the way of ethylene)
- (4) Production of further processed products of sodium-process bleaching powder, polyvinyl chloride and organosilicon
- (5) Production of basic organic chemical industrial raw materials such as the of benzene, methylbenzenc dimethylbenzene, etc. and its derivatives
- (6) Production of supporting raw materials for synthesized materials: bisphenol-A production and production of propylene oxide in the way of oxidizing propylene with hydrogen peroxide)
- (7) Production of synthetic fibre raw materials: precision terephthalic acid, vinyl cyanide, caprolactam, nylon 66 salt and polyurethane elastic fibre

(8) Production of synthetic rubber: liquid butadiene styrene rubber by butadiene method(excluding styrene-butadiene rubber), butyl rubber, isoamyl rubber, polyurethane rubber, acrylic rubber, chlorophydrin rubber, ethylene-propylenrubber, fluororubber, silicon rubber and other special rubber production)

(9) Production of engineering plastics and plastic alloys: PPO, engineering plastic nylon of 11 and 12, polyurethane, polysulfone, PAR, liquid crystal polymer and other products

(10) Fine chemistry industry: new products and technology for catalytic agent, auxiliary and addictive; processing technology for the commercialisation of dye (pigment); production of high-tech chemicals for electronics and papermaking, food additives, feed additives, leather chemical products (excluding N,N-dimethylformamide), oil-well auxiliaries, surface active agent, water treatment agent, adhesives, inorganic fibre, inorganic nanomaterial production and deep processing of pigment encapsulation.

(11) Production of low hysteresis and high abrasion carbon black

(12) Production of environment-friendly printing ink and environment-friendly arene-oil

(13) Production of nature spices, synthetic spices and single ion spices

(14) Production of high capability coatings, water automotive coatings and assorted water resin

(15) Production of chlorofluorocarbon substitution

(16) Production of organic fluorine chemical products (excluding CFC/HCFC and tetrafluoroethylene)

(17) Production of fluorine recycling from phosphorus chemicals and aluminium smelting

(18) Production of mass coal chemical industrial products (The Chinese party shall hold the majority of shares)

(19) Development and production of new technology and products for the forestry chemicals

(20) Production of ion film for caustic soda, abio-filtration membrane and function membrane

22) Development and production of new-type fertilizer: biologic fertilizer, high-density fertilizer, compound fertiliser, controlled release fertilizer, compound microbial inoculants, Compound microbial manure, degradation agent for stalks and garbage and microbial preparation of special functions

(23) Development and production of new varieties of effective, safe agriculture chemicals and pesticides

(24) Development and production of bio pesticide and bio-control products: microbial insecticide, microbial fungicide, agricultural antibiotic, insect pheromone, enemy insect and microbial herbicide

(25) Comprehensive utilisation and disposal of exhaust gas, discharge liquid, waste residue

(26) Production of organic polymer material: organic silicone modified coatings for ship shells, covering film for planes, rare earth cerium sulphide red dye, lead-free in electronic packages, serials of special sizing agent by photo etching for colour Plasma Display Panel, small diameter and large specific surface area superfine fibre, high precision fuel filter paper, Li-ion battery membrane, multi-function compound accessory ingredient for plastic processing, citric acid diglyceride, fludioxonil, cyazofamid

11. Medical and Pharmaceutical Products Industry

(1) Production of new type compound medication of active composition medication (including bulk drug and preparation)

(2) Production of amino acids: serine, tryptophan, histamine, methionine for feed

(3) Production of new anti cancer medication, new cardio-cerebrovascular medication and new nervous system using medication

(4) New type, high effective and economical contraception medication and instrument

(5) Production of new type medication using bioengineering technology

- (6) Production of high physiological active medication heterocyclic fluoride containing fluorine, like heterocyclic fluoride, and intermediate
- (7) Production of genetic engineering bacteria (AIDS bacteria, third bacteria, contraception bacteria)
- (8) Production of biology bacteria
- (9) Production of BCG vaccine and poliomyelitis vaccine
- (10) Exploitation and production of marine drug
- (11) Drug preparation: production of new formulation using new technologies of sustained-release, release, targeting and percutaneous absorption
- (12) Exploitation and production of new type of pharmaceutic adjuvant
- (13) Production of biomedicine material and ware (except flesh body, sample, human organ tissue and sample processing)
- (14) Production of animal using antibacterial raw material drug
- (15) Exploitation and production of animal using antibacterial drug, insect repellent, pesticide, anticoccidial drug and new formulation
- (16) Production of new diagnosis reagent

12. Manufacturing Industry of Chemical Fibre

- (1) Production of hi-tech chemical fibre of differential chemical fibre, aramid, carbon fibre, polyethylene of high-strength and high-mode, polyphenylene sulfide (PPS) and so on
- (2) Production of Environmental Protection chemical fibre of New Solvent cellulose fibre
- (3) Production of new style of fibre and non-fibre polyester: PTT, PEN, PBT
- (4) Production of new style fibre material made use of renewable resources, biomass technology: PLA, PDO
- (5) Production of polyamide, single line production capacity of 100 ton a day
- (6) Production of meridian tyre aramid fibre and tyre cord

13. Industry of Plastic Products

- (1) Exploitation and production of new technology and new production of agricultural film(photodegradable film and multi-function film)
- (2) Digestion and recycle of waste plastics
- (3) Exploitation and production of new technology and new production of plastic soft package (high barrier, multifunction film and material)

14. Non-metal Mineral Products Processing Industry

- (1) Develop and produce new energy-saving, environment-protecting architecture material: lightweight high-intensity and multi-function materials for wall, high-level environment protecting decorating and finishing materials, high quality water-proof and airproof materials, and effective thermal insulation materials.
- (2) Use plastic to replace steel and wood, energy-saving and high-efficient chemical architecture material production.
- (3) Produce more than 10,000,000 sq.m. elastomer, plastic changeable asphalt waterproof coiled materials, high quality width (more than 2 meters) EPDM waterproof coiled materials and matched materials, durable PVC coiled material, TPO waterproof coiled materials.
- (4) Production of screen electromagnetic wave glass, micro-electronics glass base plate, penetrating infrared non-lead glass, electron grade large spec quartz glass pervasion pipe, exceeding two generation and three generation micro channel plate, optic fibre panel and inverse image implement and glass fibre.

(5) Production of glass fibre (product line with technology of wire drawing in tank furnace) and glass fibre reinforced plastic products with an annual capacity of 50,000 tons or more.

(6) Production of sequential fibreglass original silk felt, fibreglass surface felt, micro-electronics fibreglass cloth and thin felt.

(7) Production of coherent fibre bundle and laser medical optic fibre.

(8) Production of sanitation porcelain with an annual production of 1,000,000 pieces or over

(9) Standardization refine of ceramic material and production of high-level decorative materials used for ceramics.

(10) Production of high-level refractory material used in furnaces for cement kiln, top grade(electronic)glasses, ceramics and glass fibre.

(11) Production of ceramic carrier, AlN ceramic base piece, multiple-hole ceramics use in car catalyzing equipment.

(12) Production of inorganic, non-metal materials and products: artificial crystal, carbon/carbon complex materials, special kind of ceramics, special kind of airproof materials, quick oil sealed materials, special kinds of cementation materials, special type latex materials, water rubber materials, heat-transfer coefficient is or less than 0.025W/mK under normal temperature heat insulation materials and so on.

(13) Production of high tech compound materials: sequential fibre increasing thermo plasticity compound materials and prepreg, endure heat > 300°C colophony compound material moulding craftwork assistant materials, colophony compound material oar, colophony compound material top grade sports articles, special capability glass steel tube(pressure > 1.2MPa), special function compound materials and products, deep water and diving compound material products , medical and healing use compound material products, carbon/carbon compound materials and brake piece, high capability ceramic compound materials and products, metal compound materials and products, metal layer compound materials and products, pressure \geq 320MPa super-high-pressure compound rubber pipes, air bus aviation tyres.

(14) Production of precise high capability ceramics and functional ceramic materials: carborundum super- minute powder (purity > 99%, average granule diameter < 1 μ m), Si₃N₄ super-minute powder (purity > 99%, average granule diameter < 1 μ m), high pure and super-minute alumina powder(purity > 99%, average granule diameter < 0.5 μ m), low temperature sintered zirconia powder(sintered temperature < 1350°C) ,high pure AlN powder(purity > 99%, average granule diameter < 1 μ m), rutile TiO₂ powder(purity > 98.5%), white char black(average granule diameter <100nm=, barium titanate (purity > 99%, average granule diameter <1 μ m=.

(15) Production of diamond film tools, thickness is 0.3mm or less super-thin artificial diamond saw piece.

(16) Deep processing of non-metal mineral products (super-thin comminution, high level pure, fine production, modification)

(17) Production of super high power black lead electrode.

(18) Production of pearlite mica (granule diameter: 3-150 μ m).

(19) Production of multiple dimensions and multiple direction integer weaving fabric and profile modelling fabric.

(20) Use new dry cement kiln to innocuously dispose combusting industry castoff and life garbage.

15. Non-Ferrous Metallurgical Smelting and Rolling Processing Industry

(1) Production of diameter > 200mm silicon single crystal and polishing piece, multiple crystal silicon.

(2) Production of high tech non-ferrous metallurgical materials: new type high capability hydrogen storing materials, lithium hydronium battery electrode materials, compound semiconductor materials(gallium arsenide,

gallium phosphide, gallium Reexplanation, gallium nitride), high temperature superconductor materials, memory alloy materials(titanium nickel copper and iron memory alloy materials) , super minute(nanometre) calcium carbide and super minute(nanometre) crystal hard ally, superhard compound materials, noble metal compound materials,

aluminium foil used for radiator, middle and high pressure cathode capacitance aluminium foil, special kind of large aluminium alloy materials, aluminium alloy precise model forge product, electrification railway built on stilts leads, super-thin copper strip, erosion proof heat exchanger copper alloy material, high capability copper nickel, copper and iron alloy strip, beryllium copper strip, thread, tube and stick process material, high temperature bearable tungsten filament, magnesium alloy cast, non-lead solder, magnesium alloy and its applicable products, bubble aluminium, titanium alloy strip materials and titanium jointing pipes, atomic energy grade sponge zirconium, tungsten and molybdenum deep machining products.

16. Metal products industry

(1) Production of lightened car, automobile and environment protecting new materials (bodywork aluminium board, aluminium magnesium alloy materials, automobile aluminium alloy frame and so on).

(2) Development and production of high-grade hardware for construction, hot-water heating equipment and hardware parts.

(3) Production and processing (including painting and processing inner and outer surface of the products) of metal packing products (thickness < 0.3mm) used to pack all kinds of grain, oil and food, fruits, vegetables, beverages, daily using materials and such contents.

17. General Machine-building Industry

(1) Manufacturing of numerically controlled machine tools of high level and key spare parts: numerically controlled machine tools which exceed quintuple linkage, digital control coordinate spindle processing centre, digital control system which exceeds quintuple linkage and servomechanism installations, high-speed and super-strong knives for exact digital control manufacturing.

(2) Manufacturing of multi-station forging forming machine of 1000 tons or more

(3) Manufacturing of equipments for braking up and smashing retired cars

(4) Manufacturing of soft FTL product line

(5) Manufacturing of vertical articulated industrial robots, welding robots and welding equipments thereof

(6) Manufacturing of special processing machines: complete sets of laser cutting and welding equipments, exact processing laser equipments, digital-control and low-speed wire-cuts, submicron cracker

(7) Manufacturing of wheel or crawler crane of 300 tons or more (limited to equity joint ventures or contractual joint ventures)

(8) Design and manufacturing of high pressure plunger pumps of pressure (35-42MPa) and engine, design and manufacturing of low-speed big torque engine of pressure (35-42MPa)

(9) Manufacturing of electro-hydraulic proportion servo elements

(10) Design and manufacturing of integrated multi-path valves of pressure (21-31.5MPa), pneumatic solenoid valves of less than 0.35W high-frequency electrical control valves of more than 200Hz

(11) Design and manufacturing of hydrostatic drive device

(12) Development and manufacturing of non-contacting gas film seal of pressure more than 10MPa, dry gas seal of pressure more than 10MPa (including experience device)

(13) Development and manufacturing of macromolecule material device for automobiles (rub piece, changed phenolaldehyde plunger, non-metal liquid pressure mother pump and so on)

- (14) Manufacturing of car boss axletree of 3 and 4 generation (function elements of boss axletree of flange and transducer inside or outside of the axletree, digital control machine tool or processing centre axletree of high or mid class(the processing centre should have more than three axis interlocking function and 3-4 μ m repeated precision), high-speed wire or board rolling mill axletree(assistant axletree and roller axletree of single-wire rolling mill of more than 120m/s and of thin-board rolling mill of more than 2mm) , high-speed railway axletree(with speed of more than 200km/h) low-noise axletree of vibration of less than Z4(Z4, Z4P, V4, V4P) , level P4, P2 axletree of various axletree
- (15) Production of high temperature resistant and insulation material (with F, H insulation class), as well as insulation shaped parts
- (16) Development and manufacturing of fluid pressure rubber sealing
- (17) Manufacturing of high binding spares of 12.9 level or more
- (18) Manufacturing of casting and forging work blanks for cars and motorcycles
- (19) Remanufacturing of machine tools, spare parts of cars (except five matured varieties) and project machines.

18. Special Equipment Manufacturing

- (1) Manufacturing of mine trolley mining, loading and transporting device: mechanical drive tipper for mine of 100 tonnes or more, mobile crusher, wheeled digger of 3000m³/h or more, loading machine for mine of 5 m³ or more, electric driving mining machine of 2000 kwh or more and so on
- (2) Manufacturing of geophysical, logging equipment: MEME geophone, digital telemetry seismograph, digital imaging, computerized logging system, horizontal wells, directional wells, drilling rig equipment and apparatus, MWD logging while drilling
- (3) Manufacturing of oil exploration, drilling, gathering and transportation equipment: floating drilling systems and floating production systems which will work in more than 500 meters of water depth, working depth greater than 600 meters undersea oil production, gathering and transportation equipment, power of winch greater than 3,000 kilowatts, top driving force greater than 850 kilowatts, drilling pump more than 1,800 kilowatts of power by deep-sea oil rig, drilling depth of 9,000 meters above the desert land drilling rig and oil rig, 10 million tons / year oil refining installations with 80 tons and above Pistons edge reciprocating compressor, NC oil Sham Tseng logging, oil Drilling Mud Hole solid operating highway tunnel monitoring equipment, ventilation, disaster prevention and relief system equipment manufacturers
- (4) Design and manufacturing of skeleton shield integrated system with diameter of 6 meters, TBM system integrating with diam of 5 meters; manufacturing of large digging drilling of calibre of 1 meter and depth of 30 meters, design and manufacturing of push bench with diam of 1.2 meters or more, manufacturing of large complete non-digging pipeline laying device with pulling power of 200 tons or more, manufacturing of consecutive wall underwater drilling machine, manufacturing of automatic vertical drilling system
- (5) Design and manufacturing of large lifting machine of 100 tons or more 320hp
- (6) Design and manufacturing of bedrail soil shifter of ground pressure of 0.03MPa or less, power of 220 hp or More large soil shifter of 520 hp or more
- (7) Design and manufacturing of purge machine of 100 mph or more, digging device in digging vessel of 5000 tons or more
- (8) Design and manufacturing of tuffcrete diosmosing-proof wall for flood control bar
- (9) Manufacturing of machine for underwater mass: soil shifter, loader and digger 9 miles under water
- (10) Manufacturing of devices of road bridge maintaining and automatic testing

- (11) Manufacturing of devices of road tunnel supervision, winding, disaster control and rescuing system
- (12) Design and manufacturing of the large-scale railway construction, and operation of large-scale road maintenance machinery and safety equipment
- (13) Manufacturing of (asphalt) shingles equipment, galvanized steel and other metal roof production equipment
- (14) Manufacturing of spot spraying polyurethane waterproof thermal insulation system equipment which could protect the environment and conserve energy, technology and equipment of polyurethane sealant paste preparation, technology and production equipment of modified silicone sealing paste preparation
- (15) Design and manufacturing of thin-slab continuous casting machine, high-precision strip mill (with thickness of precise 10 microns)
- (16) Manufacturing of devices of direct reverting iron and liquation reverting iron
- (17) Manufacturing of high power DC electric arc furnace of 50 tons or more
- (18) Manufacturing of colourful panting or plating board devices
- (19) Manufacturing of selecting device for multi-element, fine-powder and hard-selecting mine
- (20) Manufacturing of key devices of 800000 tons/year or more of oxene complete devices: air compressor of pyrolysis gas, oxene and elemicin, complicated powder making machine of 1000000 tons/year, centrifuge with diameter of 800 millimetre, un-attackable pump and valve that can work under conditions of temperature 250°C and pressure 15Mpa, valve that can work under conditions of temperature -55°C or less and so on (limited to equity joint ventures or contractual joint ventures)
- (21) Manufacturing of large complete devices of chemical processing of coal (limited to equity joint ventures or contractual joint ventures)
- (22) Design, manufacturing and maintaining of metal product moulds (such as extrusion moulds of pipe, stick and shape of copper, aluminium, titanium and zirconium)
- (23) Design and maintaining of punching mould of cover elements of automobile outside, clamp and test tools of automobile and motorcycle
- (24) Design and maintaining of punching mould with precision of more than 0.02 millimetre (including 0.02 millimetre), precise mould with precision of more than 0.05 millimetre (including 0.05 millimetre) and mould standard elements.
- (25) Design and manufacturing of non-metal product moulds
- (26) Manufacturing of beer filling device of 60000 bottles /h or more, drink mid or high hot filling device of 5 bottles/h, a septicism filling device of 36000 bottles /h or more
- (27) Manufacturing of producing technologies and key equipments for aminophenol, zymi, food additive and so on
- (28) Manufacturing of complete feed processing equipment of 10tons/h or more and key parts thereof
- (29) Manufacturing of light board and box device of 0.75-millimetre high or less
- (30) Manufacturing of single in folio colourful lithographic printing machine with speed of more than 16000 pages in folio /h(720×1020 millimetres), diprosopia in folio colourful lithographic printing machine with speed of 13000 pages in folio /h(720×1020 millimetres), colourful lithographic in folio printing machine with speed of 13000 pages in folio /h(1000×1400 millimetres)
- (31) Manufacturing of single roll lithographic printing machine with speed of more than 75000 pages in folio/h (787×880 millimetres), diprosopia single roll lithographic printing machine with speed of more than 170000 pages in folio /h (787×880 millimetres)

- (32) Manufacturing of colourful soft printing machine with speed of 300meters/m or more and coverage of 1000 Millimetres or more
- (33) Manufacturing of computer mass colour pre-coordination systems, mass colour remote handling systems, mass speed following systems, prints quality automatic testing and following systems, no-axis turning technologies, high-speed automatic splicer, paper giving machine and high-speed and automatic remote handling paper folding Machine, automatic overprinting system, cooling device, silanion putting system, bias- adjusting device and so on.
- (34) Deep processing technique and equipment manufacturing of plate glass
- (35) Special high-tech Industrial sewing machines manufacturing
- (36) Manufacturing of complete set of new type of paper (including pulp) making machines
- (37) Manufacturing of equipment with new technique for post ornament and processing of leather
- (38) Development and Manufacturing of new agriculture processing and storage equipment: new equipment for the processing, storage, preservation, classifying, packing, and drying of food, oil, vegetables, dried fruits and fresh fruits flowers, meat and aqua-products; agricultural product quality testing equipment ; quality detection equipment of agricultural products' damage; Rheometer; Farinograph; ultrafine pulverisation equipment; Highly efficient watering equipment ; 5-grade plus high efficient fruit juice condensation equipment ; equipment for Disinfection of powder food in Media; Aseptic packaging equipment for Semi-solid and solid food; Packaging Materials for Aseptic packaging, DVS Bacteria Starter for Dairy Production, Disc-type Separation centrifuges
- (39) Manufacturing of Agricultural machinery: facility agriculture equipment (greenhouse Automatic irrigation equipment, Auto control configuration and fertilization Equipment of Nutritious Liquid, Efficient vegetable nursery equipment, Soil nutrient analysis instruments), Tractor and associated farm tools with 120 kilowatts and above matching engine power, Low fuel consumption, low noise and low-emission diesel engine, Spray Machines with Residual fog tablets Recovery Unit matching of large tractor, High-performance rice transplanter, Cotton harvesting machine, Adapted to a variety of row-spacing Self-moving Maize Reaping Machine (Hydraulic drive or mechanical drive)
- (40) Manufacturing of new technical forestry equipment
- (41) Manufacturing of equipment for reusing in fields and comprehensive utilisation of straws and stalks of crop, manufacturing of equipment for comprehensive utilisation of Rice Husk
- (42) Manufacturing of equipment for comprehensive utilisation of waste agriculture products and waste fowl and livestock products which are bred in scale
- (43) Manufacturing of festival fertilizer, pesticide section, water-saving technical Agriculture equipment
- (44) Manufacturing of cleaning equipment for electromechanical wells and equipments for Laundering drug production
- (45) Manufacturing of electronic endoscopes
- (46) Manufacturing of Fundus Cameras
- (47) Manufacturing of Medical imaging equipments' Key components (high magnetic field intensity and superconductor MRI, CT, X-ray computed tomography, type-B ultrasonic)
- (48) Manufacturing of Medical Ultrasonic Transducer (3D)
- (49) Manufacturing of boron neutron capture therapy equipments
- (50) Manufacturing of X-ray Stereotactic Radiotherapy System
- (51) Manufacturing of Hemodialysis, Blood Filter

- (52) Manufacturing of equipment for auto elisa immuno system (including the functions of application of sample, elisa photo meter, wash plate, incubation, data, post treatment, etc.)
- (53) New techniques of quality control of medicine products and new equipment manufacturing
- (54) New analytical techniques and extraction technologies, and equipment development and manufacturing for the effective parts of traditional Chinese medicines
- (55) Producing and manufacturing of new packing materials, new containers for medicine, and advanced medicine producing equipment
- (56) Development and Manufacturing of equipment of new type of knitting machines, Key parts and Textile testing, laboratory equipment
- (57) Manufacturing of Computer Jacquard artificial fur machine
- (58) Manufacturing of Special Equipments for solar cell production
- (59) Development and Manufacturing of Pollution control equipments
- (60) Manufacturing of City Waste disposal equipments and equipments for Comprehensive Utilisation of Rural organic waste
- (61) Manufacturing of Waste plastics, electronics, rubber, battery Recycling Equipments
- (62) Technology of hydrophilic ecological system for protecting environment and equipment manufacturing
- (63) Development and Manufacturing of 100,000 cubic meters and above Daily production seawater desalination and recycling cooling technology and complete sets of equipments
- (64) Manufacturing of special Meteorological observation and analysis equipments
- (65) Development of Seismic station, Seismic Network, and Mobile seismological observation technology System, and Manufacturing of equipments
- (66) Manufacturing of three-drum radial tire building machines
- (67) Manufacturing of Rolling resistance testing machine and Tire noise lab
- (68) Manufacturing of new Heating measurement and Temperature Control Device Technical equipments
- (69) Manufacturing of preparation, storage and transportation equipment and inspection systems of hydrogen energy
- (70) Manufacturing of new Heavy residue gasification Atomization Nozzle, Steam leakage rate of 0.5 percent and below efficient Steam Traps, 1000 ° C and above high-temperature ceramic heat exchanger manufacturer
- (71) Manufacturing of Comprehensive Utilisation of waste tire equipments

19. Communication and Transportation Equipment Industries

- (1) Manufacturing of complete automobiles (foreign investments shall not exceed 50%) and construction of automobile research and development organization
- (2) Manufacturing of automobile engine, reused manufacture of engines and construction of engine research and development organization: gasoline motor with output per litre not lower than 50 kwh, diesel motor with output per litre not lower than 40 kwh and discharge capacity below 3 litres, diesel motor with output per litre not lower than 30 kwh and discharge capacity above 3 litres, motor driven by such new resources as fuel cells and compound fuel
- (3) Manufacturing of key spare parts for automobiles as well as research and development of key technologies: complete disc brakes, complete driving rods, automatic gearboxes, fuel pumps of diesel engine, inhalant supercharger of engines, adhesive axial organ(used for four-wheel drive), hydraulic tappet, electronic cluster gauge, crankshaft and connecting bar(diesel motor above 8 litres), Anti — Lock Brake System(ABS, ECU, valve body, sensor) , ESP, BBW, electronic braking distribution system(EBD) , driving control system, gas generator for

automobile airbags, electronic fuel injection system, sprays technology on fuel common rail technology(utmost spray pressure above 1600 pa) , VGT, VNT, discharge control equipment of motor meeting the pollutant discharge standard of the fourth phase of China, ITM and coupler assembly, Steer-by-Wire System, Diesel Particulate Filter(DPF), intelligent cylinder, special rubber automobile components

(4) Production as well as research and development of automobile electronic devices: engine and under chassis control system as well as key spare parts, in-vehicle electronic technology (automobile information system and navigation system), automobile electronic network technology (limited to equity joint ventures), components for the input (sensor and sampling system) and the output(actuator) of electronic control system, EPS electronic controller(limited to equity joint ventures) ,embedded electronic integration system(limited to equity joint ventures or contractual joint ventures) , electronic-controlled air suspension, ECS, electronic valve system equipment, electronic throttle, power cell (NiH and Li-con) and control system(limited to equity joint ventures) , integrated motor and control system(limited to equity joint ventures) , wheel boss motor, multifunction controller(limited to equity joint ventures), fuel cell and spare parts thereof, hydrogen storing systems for automobiles, testing system for experiment and maintaining of automobile and motorcycle models

(5) Manufacturing of key parts for motorcycle: technology of electrical control fuel injection for motorcycle (limited to equity joint ventures or contractual joint ventures) , engine discharging device which satisfy motorcycle discharging criteria stage III of China

(6) Equipment for railway transportation(limited to equity joint ventures or contractual joint ventures) : research and development, design as well as manufacturing of complete train and key spare parts (drive system, control system, brake system) of rapid transit railway, railway of passenger special line, intercity railway, trunk railway and equipment for urban railway transportation; research and development, design as well as manufacturing of passenger service facilities and equipment for rapid transit railway, railway of passenger special line, intercity railway and urban railway transportation, design as well as research and development of related information system in the process of construction of information age; research and development, design as well as manufacturing of railway and bridge facilities and equipments for rapid transit railway, railway of passenger special line, intercity railway manufacturing of equipment and fixtures for electrical railway, research and development of technologies for controlling railway noise and vibrating, manufacturing of discharging equipment for trains, manufacturing of safety monitoring equipment for railway transportation

(7) Design, manufacturing and maintaining of civil plane: those of trunk and branch lines (Chinese part shall hold the majority of shares) , general ones (limited to equity joint ventures or contractual joint ventures)

(8) Production and maintaining of spares parts for civil planes

(9) Design and manufacturing of civil helicopters: those of three tons or more (Chinese part shall hold the majority of shares), those of less than three tons (limited to equity joint ventures or contractual joint ventures)

(10) Production of spares parts for civil helicopters

(11) Manufacturing of ground and water effect plane (Chinese part shall hold the majority of shares)

(12) Design and manufacturing of no-people plane and aerostat (Chinese part shall hold the majority of shares)

(13) Design, manufacturing and maintaining of plan engines and spare parts as well as air assistant power systems (limited to equity joint ventures or contractual joint ventures)

(14) Design and manufacturing of civil air-borne equipment (limited to equity joint ventures or contractual joint ventures)

(15) Design and manufacturing of civil rocket launcher (Chinese part shall hold the majority of shares)

(16) Manufacturing of flight ground equipments: civil airfield facilities, support equipment for civil airfield work, ground equipment for flight test, equipment for flight simulation and practice, equipment for aeronautic testing and measuring, equipment for aeronautic ground testing, comprehensive testing equipment for machines, special equipment for aeronautic manufacturing, equipment for pilot manufacturing aeronautic materials, ground receiving and applying equipment for civil aircraft, ground testing equipment for rocket launcher, equipment for dynamic and environmental experience for rocket launcher

(17) Manufacturing of mechanical and electrical products for aircrafts, temperature control products for aircrafts, test equipment for planet products and structure and organization products for aircrafts

(18) Manufacturing of light gas-turbine engine

(19) Design of vessels and equipment for ocean project of high and new technologies (limited to equity joint ventures or contractual joint ventures)

(20) Maintaining, design and manufacturing of vessels (including stages) and equipment for ocean project (Chinese part shall hold the majority of shares)

(21) Design and manufacturing of diesel engine for vessel of low, mid and high speed (limited to equity joint ventures or contractual joint ventures)

(22) Design and manufacturing of spare parts for diesel engine for vessel (limited to equity joint ventures or contractual joint ventures)

(23) Design and manufacturing of crankshafts of low and mid speed for diesel engine for vessel (Chinese part shall hold the majority of shares)

(24) Design and manufacturing of stateroom machine and deck machine for vessels (Chinese part shall hold the relative majority of shares)

(25) Design and manufacturing of communication and directing systems for vessels: communication systems, electronic directing equipment, vessel radar, electric compass automatic pilot, public broadcasting systems inside vessels and so on

(26) Design and manufacturing of overseas fishing vessels and cabin cruiser (limited to equity joint ventures or contractual joint ventures)

20. Electric Machinery and Equipment Industries

(1) Manufacture of the pivotal equipment of super-critical units of over 600,000 KW, and over 1,000, 000KW of fire and electricity station (limited to equity joint ventures and cooperative joint ventures): boiler-feed water pump, circular water pump, valve of main steam loop high temperature and pressure which is over 400°C work temperature and 20Mpa of work pressure

(2) Manufacture of the equipment of over million kilowatt Nuclear-power plants (limited to equity joint ventures and cooperative joint ventures) Pump and valve of Nucleus, Nucleus II

(3) Manufacture of the technology and equipment of Fire- electricity plant to decode and saltpetre, hop-pocket dust catcher

(4) Design and manufacture of the equipment of nucleus-electricity and fire-electricity airproof

(5) Manufacture of the equipment of nuclear-power of great model casting-forge

(6) Power transmitting and transforming equipment (limited to equity joint ventures and cooperative joint ventures): non-brilliant form transformer, high voltage implement great bushing, high voltage on-off operation implement, and

freedom integer arc contact, direct current transmit electricity dried reactor, 6 inch direct current convertor clique high-power grain-valve tube, electrical apparatus contact material, and non-Pb, non-Cd solder accorded with EU command of RoHS

(7) Manufacture of the equipment of new energy electricity-power (limited to equity joint ventures and cooperative

joint ventures): photovoltaic power , geothermal power generation, tidal power generation, wave power generation, rubbish power generation, methane power generation, wind power generation over 1.5M

(8) Manufacture of sterling generating set

(9) Empolder and manufacture of straight line and plane motor and drive system

(10) Manufacture of solar air conditioning, heating system, solar dryer

(11) Manufacture of biomass drying pyrolysis system, biomass, and gasification unit

(12) Manufacture of ac-fm voltage regulation drawbar

(13) Manufacture of intelligent moulded case circuit, (3800V, 1000A), large project intelligent cabinet or drawer type circuit breaker, belt- type intelligent electronic control distribution device

21. Communication equipment, computer and other electronic equipment manufacturing

(1) Digital video camera, digital sound-playing equipment and player equipment manufacturing

(2) Manufacture of flat panel display such as TFT-LCD, PDP, OLED, FED (including SED) and the material of flat panel display

(3) Manufacture of such parts as optical engine, light source, projection screen, high-resolution projection tube and LCOS module used in large screen colour projection display

(4) Manufacture of digital audio and visual coding or decoding equipment, digital broadcasting TV studio equipment, digital cable TV system equipment, digital audio broadcast transmission equipment, digital television converter, digital television broadcasting Single Frequency Network (SFN), satellite digital TV up- linking station, front-end equipment manufacturing of SMATV

(5) Manufacture of high-performance single-lens reflex with more than 6 million pixels

(6) Design of integrate circuit, and manufacture of large digital integrate circuit with its wire width less than 0.18 micron, manufacture of simulated and digital analogy integrate circuit less than 0.8 micron and the encapsulation and test of such advanced equipment as BGA, PGA, CSP, MCM

(7) Large and medium-sized computer, high-performance computer with its operation more than 100 trillion times, portable micro computer, high-rank server with its operation more than 1 trillion times per second, large scale simulated system, large industrial controller and the manufacture of controller

(8) Manufacture of computer digital signal process system and board card

(9) Manufacture of figure and image recognition process system

(10) Development and manufacture of large-capability optical and disk driver

(11) Manufacture of high-speed storage system and intelligent storage equipment with its capability more than 100 TB

(12) Manufacture of large-breath (more than 900mm) high-definition coloured printing equipment, high-definition coloured printer head with its precision more than 2400dbi, and large-breath (more than 900mm) high-definition coloured Xerox equipment

(13) Manufacture of Computer Assistance Design (three-dimensional CAD), Computer Assisted Testing (CAT) , Computer Aided Manufacture (CAM) , Computer Aided Engineering(CAE) and other computer application system

- (14) Development and manufacture of software product
- (15) Development and manufacture of specialized electronic material (excluding the development and manufacture of optical fibre perform rod)
- (16) Manufacture of specialized equipment, testing equipment, tools and moulds
- (17) Manufacture of new type electronic components and parts: slice components, sensitive components and sensors, frequency monitoring and selecting components, mix integrated circuit, electrical and electronic components, photoelectric components, new type components for machinery and electronics, high-density interlinked build-up board, multilayer flexible board, flexible printing circuit board and packaging substrate
- (18) High-tech green battery manufacture: dynamic zinc and nickel storage cell, zinc and silver storage cell, lithium-ion batteries, high-capability, air-proof and repair-free lead-acid battery, solar battery, fuel battery, column-shaped zinc-air battery and etc.
- (19) High-brightness LBD with its luminous efficiency more than 50lm/W, epitaxial slice LBD (blue) with its luminous efficiency more than 50lm/W, white luminous tube with luminous efficiency more than 50lm/W and its power more than 200mW
- (20) Development and manufacture of RFID chip
- (21) Development and manufacture of key components and parts used in high-precision digital CD drive
- (22) Reproduction of read-only compact disk and manufacture of recordable compact disk
- (23) Design and manufacture of civil satellites {Chinese partner shall hold the majority of shares}
- (24) Manufacture of civil satellites effective payload (Chinese partner shall hold the majority of shares)
- (25) Manufacture of spare pans for civil satellites
- (26) Manufacture of telecommunication system equipment for satellites
- (27) Manufacture of receiving equipment of satellite navigation and key components
- (28) Manufacture of optical communication measurement and instrument and light transceiver with its speed more than 10 GB/s
- (29) Ultra Broad Band (UWB) communication equipment manufacture
- (30) Manufacture of wireless Local Area Network (Wide Area Network)
- (31) Manufacture of Optical Cross Connect (OXC) , Automatic Switch Optical Network(ASON) , optical fibre communication and transmission equipment more than 40G/sSDH and Coarse Wave Division Multiplexing(CWDM)
- (32) Manufacture of Asynchronous Transfer Mode (ATM) and IP digital communication system
- (33) Development and manufacture of third-generation and the following mobile communication system mobile phone, base station, core network equipment and network testing equipment
- (34) Development and manufacture of high-end router, network switcher more than 1 kilo mega
- (35) Manufacture of air traffic control system equipment (limited to joint venture and cooperation)

22. Machinery Industries for Instrument and Meter, Culture and Office

- (1) Manufacture of field-bus control system and its key components and parts
- (2) Development and manufacture of large-scale sophisticated instruments: including electron microscope, laser scanning microscope, scanning tunnelling microscope, laser with its power more than 2kw, industrial chromatograph, GC/MS, nuclear magnetic resonance spectrometer, energy dispersive analysis system, X-ray fluorescence spectrometer, diffraction analysis system, industrial CT, large-scale balance measuring machine, automatic testing system of on-line mechanical quality, ultra-speed centrifuge with its rotating speed more than 100000r/min, large-scale metallurgical microscope, three coordinate measuring machine, laser

comparator, electrical prospecting instrument, airborne electrical prospecting and gamma-ray spectrometry measuring instrument more than 500 m, borehole gravimeter and 3-dimensional magnetograph, high-precision microgal and aviation gravity gradiometer,

High-performance welding rare earth material with permanent magnetism, portable geological radar

(3) Manufacture of high-precision digital voltmeter, current meter (with measuring range of seven bit and a half and above)

(4) Watt-less Power manufacture of automatic compensation equipment

(5) Manufacture of two-phase flow meter and solid flow meter

(6) Manufacture of automatic plating machine for electron gun

(7) Manufacture of industrial NDT X-ray equipment governing the volt more than 800 kv

(8) Manufacture of new technical equipment for safety production and environmental protection

(9) VXI bus automatic test system (in accordance with IEEE1155 international standards)

(10) Development and manufacture comprehensive management system for under-mine monitoring and disaster forecasting apparatus and coal safety measurement

(11) Manufacturing of the equipment for engineering measurement and global geographical observation equipment: digital triangle surveying system, Digital programmed system for three-dimensional topography model (acreage>1000×1000mm, horizontal error<1mm, altitude error <0.5mm), ultra wideband seismograph(ϕ < 5cm, frequency band 0.01-50HZ, equivalent quaking speed noise <10-9m/s), integrated earthquake data processing system, extensive under-well earthquake and auspice observation apparatus, sophisticated controllable epicentre system, engineering velocity measuring system, high-precision GPS receiver (precision 1mm + 1ppmm), INSAR graphics receiving and processing system, absolute gravimeter with the precision less than 1 microgram, satellite gravimeter, doppler weather radar adopting coherent technology or double polarization technology, visibility measuring apparatus, meteorological sensor, (including temperature, pressure, humidity, wind, precipitation, cloud, visibility, radiation, frozen earth, depth of snow), anti lightning stroke system, multilevel soot and dust sampler, three-dimension supersonic anemoscope, high-precision intelligent total station machine, three-dimensional laser scanner, high performance diamond bit used for drilling, laser ranger finder without cooperative target, wind profiler(affixed with RASS), GPS electronic probe system, CO₂/H₂O general observation system, boundary layer laser Doppler radar, granule chromatography, (3nm-20 μ m), high-performance data collector, under-water glider

(12) Manufacture of new-tech equipment of environmental-protection testing instrument: air quality testing, water quality testing, new-tech equipment of fume on-line detecting instrument, apparatus for emergency treatment and complete-set new differential coefficient analysis system, automatic calibration, composite, low-drift, on-line remote measurement and remote controlled apparatus and system and etc.

(13) Manufacture of air-pollution prevention and control equipment: high-temperature-proof and erosion- proof filtering material, wet desulphurisation complete-set equipment in coal-fuelling factory, low-NO_x fuelling equipment, catalysts for denitrification of fuel gas and complete set of denitrification equipment, purified equipment for the polluted organic gas, purified equipment for gas expelled from diesel-driven automobile

(14) Manufacture of equipment for water-pollution prevention and control: horizontal screw centrifugal dehydrator, membrane and its material, ozoniser more than 10kg/h, NO₂ generator with more than 10kg/h, ultraviolet disinfection device, small domestic sewage treatment device in the rural area

(15) Manufacture of the equipment for treating solid refuse: earth-leak-proof membrane in refuse burying factory, the device for treating dangerous solid waste, methane-for-electricity equipment in refuse burying factory, the equipment for comprehensively using the domestic animal and fowl waste in large scale

(16) Manufacture of environment monitoring apparatus: SO₂ automatic sampler and calcimeter, NO_x, NO₂ automatic sampler and calcimeter, O₃ automatic monitor, CO automatic monitor, automatic sampler and calcimeter for soot and dust, automatic sampler and calcimeter for soot, portable calcimeter for harmful and toxic gas, automatic analyzer for organic pollutants in the air, COD automatic online monitor, BOD automatic online monitor, automatic online monitor for turbidity, DO automatic online monitor, TOC automatic online monitor, Automatic online monitor for ammonia nitrogen, radiation dose monitor, ray analyzer

(17) Manufacture of instrument and equipment for hydrological data collecting, processing, transmitting and flood warning

(18) Manufacture of ocean exploring apparatus and equipment: deep-sea underwater video camera and underwater camera, multi-beam explorer, shallow and deeper sub bottom profiler, navigation warm-salt profiler, fluxgate compass, hydraulic wire line winch, underwater airproof electronic connector, energy recycle device used in filtration-proof seawater desalination with its efficiency more than 90%, high-pressure pump used in filtration-proof seawater desalination with its efficiency more than 85%, filtration-proof seawater desalination membrane(desalination rate more than 99.7%), low-temperature multifunction distilled seawater desalination equipment with its daily production more than 20, 000 tons, Marine ecosystem inspection buoy, section probing buoy, disposable measuring instrument of electrical conductivity, temperature and depth (XCTD), on-the-spot water quality measuring apparatus, intelligent chemical transducer for measuring the water quality of the ocean (continues work for 3-6 months),electromagnetic current meter sensor, navigating acoustic Doppler current profiler(self-contained, direct-read, used-in-ship), electricity conductivity rate deep- section profiler, acoustic responding emancipator(set deep into the ocean)

23. Other manufacturing industries

(1) Development and utilisation of clean-coal technical product (coal gasification, coal liquefaction, water-coal, industrial lump-coal)

(2) Coal ore dressing by washing and comprehensive utilisation of powered coal (including desulphurised plaster), coal gangue

(3) Production of the all biodegradable material

IV. Production and Supply of Power, Gas and Water

1. Construction and operation of electricity power by employing the clean fuel technology of integral gasification combined circulation (IGCC), circulating fluidized bed more than 0.3 million kwh, Pressurized Fluidized Bed Combustion Combined Cycle (PFBC) more than 0.1 million kwh

2. Construction and operation of back pressure combined and heat power

3. Construction and management of hydropower stations with the main purpose of power generating

4. Construction and management of nuclear-power plants (Chinese partner shall hold the majority of shares)

5. Construction and management of new energy power plants (solar energy, wind energy, magnetic energy, geothermal energy, tide energy and biological mass energy, etc.)

6. Utilisation of sea water (direct use of sea water, seawater desalination), using industrialization to recycle industrial sewage

7. Construction and operation of urban water-supply plant

V. Communication and Transportation, Storage, Post and Telecommunication Services

1. Construction and management of grid of national trunk railways (Chinese partner shall hold the majority of shares)
2. Construction and management of feeder railways, local railways and related bridges, tunnels and ferry facilities (limited to equity joint ventures or contractual joint ventures)
3. Comprehensive maintenance of infrastructure of high-speed railway, special railway line, intercity (Chinese partner shall hold the majority of shares)
4. Construction and management of highways, independent bridges and tunnels
5. Road freight transportation companies
6. Construction and management of public dock facilities of ports
7. Construction and management of civil airports (the Chinese party shall hold the relative majority of shares)
8. Air transportation companies (Chinese partner shall hold the majority of shares)
9. General aviation companies for agriculture, forest and fishery (limited to equity joint ventures or contractual joint ventures)
10. International liner and tramp maritime transportation business (the Chinese party shall hold the relative majority of shares)
11. International containers inter-model transportation
12. Construction and management of oil (gas) pipelines, oil (gas) depots and petroleum wharf
13. Construction and management of the facilities of coal delivery pipelines
14. Construction and management of storage facilities relating to transportation services

VI. Wholesale and Retail Trade Industry

1. Wholesale, retail and logistic distribution of general goods
2. Modern logistics

VII. Rent and business service

1. Accounting and auditing ((limited to equity joint ventures or contractual joint ventures)
2. Information consulting agencies of international economy, science and technology, environmental protection
3. Engaged in such information technology and business flow outsourcing services as system application management maintenance, information technology supportive management, bank background service, financial settlement, human resource service, software development, call centre, data processing by means of accepting service outsourcing

VIII. Scientific research, technology service and geological exploration

1. Biological engineering technique and bio-medical engineering technique
2. Isotope, irradiation and laser technique
3. Sea development and sea energy development technology, comprehensive technology of sea chemical resources, development of the relevant products and deep-processing technology, sea medicine and biochemical product development technology
4. Sea surveying technology (sea tidal wave, meteorology, environmental monitoring) sea bed probing, exploration and evaluation technology of ocean resource
5. Comprehensively use the high chemical additional value technology to distil chemical potassium, bromine, magnesium from dense sea water after desalination and its deep procession
6. Development of energy-saving technology
7. Technology for recycling and comprehensive utilisation of resource, development and application of the recycling technology of the waste dispelled by enterprises
8. Technology for environment pollution treatment and monitoring

9. Energy-saving and consumption-reduction in chemical fibre production and the new technology to deal with polluted air, water and solid waste
10. Technology for preventing from desertification and desert improvement
11. Comprehensive management technology for balancing grass and domestic animal
12. Application technique of civil satellite
13. Research and development centres
14. Incubator for hi-tech, new products developing, and incubation of enterprises

IX. Water, environment and public facility management industry

1. Construction and management of key water control projects for comprehensive utilisation (the Chinese party shall hold the relative majority of shares)
2. Construction and management of urban access-controlled roads
3. Construction and management of metro and city light rail (Chinese partner shall hold the majority of shares)
4. Construction and management of treatment plants for sewage, garbage, the dangerous wastes (incineration and landfill), and the facilities of environment pollution treatment

X. Education

1. Advanced educational institution (only limited to joint venture or cooperative)

XI. Public health, social security and social welfare

1. Service agencies for the elderly, the handicapped and children

XII. Culture, sports and entertainment

1. Operation of the performance site ((the Chinese party shall hold the relative majority of shares)
2. Operation of the gymnasium, body-fitting, competition performance, sports training and agency service

11.3.2 Restricted Foreign Investment Industries

I. Farming, Forestry, Animal Husbandry and Fishery Industries

1. Breeding and seeds developing production of new train crop breed (Chinese party shall hold the majority of shares)
2. Processing of the logs of precious varieties of trees (limited to equity joint ventures or contractual joint ventures)
3. Cotton (raw cotton) processing

II. Mining Industries

1. Exploring and mining of special and scarce coals exploration (Chinese partner shall hold the majority of shares)
2. Exploring and mining of barite (limited to equity joint ventures or contractual joint ventures)
3. Exploring and mining of precious metals (gold, silver, platinum families)
4. Exploring and mining of precious non-metals such as diamond
5. Exploring and cradling of phosphorite
6. Mining of szaibelyite and szaibelyite iron ores
7. Mining of Celestine
8. Mining of Ocean Manganese Nodule (Chinese partner shall hold the majority of shares)

III. Manufacturing Industries

1. Farming Subsidiary Foodstuff Industry
 - (1) Processing of soybean, rapeseed edible oil (Chinese partner shall hold the majority of shares), deep-processing of corn
 - (2) Manufacturing of biology liquid fuel
2. Beverage Manufacturing Industries

- (1) Processing of green tea and special tea with China's traditional crafts
- (2) Carbonic acid beverage manufacturing
3. Tobacco Industries
 - (1) Manufacturing of threshing and curl tobacco leaf
4. Printing and Copy of Recording Vehicle
 - (1) Print of publication (Chinese partner shall hold the majority of shares, except packing and presentation)
5. Petroleum Processing and Coking Industries
 - (1) Construction and management of refineries which annual produce less than 800 ten thousand tons
6. Chemical Raw Material Products Manufacturing Industry
 - (1) Sodium hydroxide and potash production
 - (2) Production of sensitive materials
 - (3) Production of benzidine
 - (4) Production of chemical products from which narcotics are easily made (ephedrine, 3, 4-idene dihydro phenyl-2-acetone, phenylacetic acid, 1-phenyl-2-acetone, heliotropin, safrole, isosafrole, acetic oxide)
 - (5) Production of fluorine-chlorocarbon, hydrogen- fluorine-chlorocarbon, tetrafluoroethylene, fluorinated aluminium and hydrofluoric acid
 - (6) Production of polybutadiene, emulsion polymerization buna S, thermoplastics buna S
 - (7) Production of sulfate process titanium dioxide, open hearth process permanganate
 - (8) Production of barium, magnesium, iron ores
 - (9) Barium salt production
7. Medical and Pharmaceutical Products Industry
 - (1) Production of chloramphenicol, penicillin G, lincomycin, gentamicin, dihydrostreptomycin, amikacin, tetracycline hydrochloride, oxytetracycline, medemycin, kitasamycin, ilotycin, ciprofloxacin and ofloxacin
 - (2) Production of analgin, paracetamol, Vitamin B1, Vitamin B2, Vitamin C, Vitamin E
 - (3) Production of immunity vaccines, bacterins, antitoxins and anatoxin (BCG vaccine, poliomyelitis, DPT vaccine, measles vaccine, Type-B encephalitis, epidemic cerebrospinal meningitis vaccine) which included in the State's Plan
 - (4) Production of material medicines for addiction narcotic and A class psychoactive drug (Chinese partner shall hold the majority of shares)
 - (5) Production of blood products
 - (6) Production of non-self-destructible expendable injectors, transfusion systems, blood transfusion systems, blood bags
8. Chemical Fibre Production Industry
 - (1) Production of chemical fibre drawn work of conventional chipper
 - (2) Production of rayon staple viscose fibre
9. Rubber Products
 - (1) Old tire recondition (not including radial tire), and production of industrial rubber fittings of low- performance
10. Non-Ferrous Metal Smelting and Rolling Processing Industry
 - (1) Non-ferrous metal refining of tungsten, molybdenum, stannum (except tin compounds), antimony (including antimony oxide and antimony sulphide)
 - (2) Non-ferrous metal refining of electrolytic aluminium, copper, lead, zinc and another non-ferrous metal

(3) Smelting and separation of rare earth metal (limited to equity joint ventures or contractual joint ventures)

11. Metal Manufacturing

(1) Manufacture of containers

12. Common Purpose Equipment Manufacturing Industry

(1) Manufacture of all kinds of general (p0) axletree and accessory (steel ball, cage), rough

(2) Manufacture of wheeled model, crawler crane less than 300 tons

13. Special Purpose Equipment Manufacturing Industry

(1) Production of low or middle class type-B ultrasonic displays

(2) Manufacture of equipment for producing long Dacron thread and short fibre

(3) Manufacture of crawler dozers of less than 320 horsepower, hydraulic excavator less than 30 tons, wheel loader less than 6tons, grader of less than 220 horsepower, road roller, fork-lift truck, non-calzada dumper truck, road surface milling rework machinery, garden machine and tools, production of commodity concrete machinery (pump, agitating lorry, pump vehicle)

14. Manufacturing of transport and communication facilities

(1) Repairing, design and manufacture of common ship (including subsection) (Chinese partner shall hold the majority of shares)

15. Manufacturing of Communication Apparatus, Computers and another Electric Installation

(1) Production of satellite television receivers and key parts

(2) Manufacture of fiscal cash register

IV. Production and Supply of Power, Gas and Water

1. Construction and management of conventional coal-fired power of condensing steam plants whose unit installed capacity is less than 300,000kW, within the small power grid in Xizang, Xinjiang, Hainan provinces, and the coal-fired power of condensing-extraction steam plants with dual use unit cogeneration

2. Construction and management of power network

V. Communication and Transportation, Storage, Post and Telecommunication Services

1. Railway freight transportation companies

2. Railway passenger transportation companies (Chinese partner shall hold the majority of shares)

3. Corporate of highway passenger transport

4. Corporate of enter-leave country fleet operation

5. Corporate of water transportation (Chinese partner shall hold the majority of shares)

6. General aviation companies engaging in photographing, prospecting and industry (Chinese partner shall hold the majority of shares)

7. Tele communication companies: telecommunication increment service (the foreign capital less than 50 percent) motion tone and data service in basic telecom, interior business and international business (the foreign capital less than 35 percent,49 percent no later than 11th in December in 2007 is permitted)

VI. Wholesale and Retail Trade Industries

1. Commercial companies of commodity direct selling, mail order selling, Internet selling, franchising, commissioned operation, commercial management

2. Wholesale, retail and logistic distribution of grain, cotton, vegetable oil, sugar, medicines, tobaccos, automobiles, crude oil, capital goods for agricultural production(Chinese should hold the majority of shares of the multiple shops which have more than 30 branch stores and sale different kinds and brands of commodities from multi-suppliers)

3. Distributing and selling of audiovisual products (excluding movies)(joint venture or Chinese should hold the majority of shares)
4. Commodity auctions
5. Ship agent (Chinese should hold the majority of shares), tally for foreign vessels (limited to equity joint ventures or contractual joint ventures)
6. Wholesaling product oil and construction and operation of gasoline stations (Chinese should hold the majority of shares of the multiple shops which have more than 30 branch stores and sale different kinds and brands of commodities from multi-suppliers)

VII. Banking and Insurance Industries

1. Banks, financial leasing companies, finance companies, trust investment companies, currency brokerage companies
2. Insurance companies (the share of life-insurance companies is less than 50%)
3. Security companies (confined to A share consignment-in, B share, H share and government and company bonds consignment-in and transaction, the foreign-capital is less than one-third), security investment fund management companies (the foreign-capital is less than 49%)
4. Insurance brokerage companies
5. Futures companies (Chinese should hold the majority of shares)

VIII. Real Estate Industry

1. Development of pieces of land (limited to equity joint ventures or contractual joint ventures)
2. Construction and operation of high-ranking hotels, villas, high-class office buildings and international exhibition centres
3. Real estate transaction in second-grade market and medium and brokerage companies

IX. Leasing and Commercial Service Industry

1. Legal consulting
2. Market Research (limited to equity joint ventures or contractual joint ventures)
3. Status enquiry and grade service companies

X. Scientific Research and technical Services Industries, Geological Prospecting

1. Mapping companies (Chinese partner shall hold the majority of shares)
2. Inspection, verification and attestation companies for imported and exported goods
3. Photography service (including trick photography like air photography, except mapping aerial photography, limited to equity joint ventures)

XI. Irrigation, environment and public utilities management

1. Construction and management of fuel gas in big city, heating power and water supply and sewage net

XII. Education

1. Common high school education mechanism

XIII. Public Health, Sports and Social Welfare Industries

1. Medical treatment establishments (limited to equity joint ventures or contractual joint ventures)

XIV. Art, Sports and Entertainment Industries

1. Production and publication of broadcasting and TV programs and film-making (limited to contractual joint ventures)
2. Construction and operation of cinemas (Chinese partner shall hold the majority of shares)
3. Construction and operation of large theme park
4. Brokering agency of stage performances

XV. Other industries restricted by the State or international treaties that China has concluded or taken part in

11.3.3 Prohibited Foreign Investment Industries

I. Farming, Forestry, Animal Husbandry and Fishery Industries

1. Cultivation of China's rare precious breeds (including tine genes in plants industry, husbandry and aquatic products industry)
2. Production and development of genetically modified plants' seeds
3. Fishing in the sea area within the Government jurisdiction and in in-land water

II. Mining and Quarrying Industries

1. Exploring and mining of tungsten, molybdenum, tin, antimony, fluorite
2. Exploring, mining and dressing of radioactive mineral products
3. Exploring, mining and dressing of rare earth metal

III. Manufacturing Industry

1. Beverage Industry

- (1) Processing of green tea and special tea with China's traditional crafts (famous tea, dark tea, etc.)

2. Medical and Pharmaceutical Products Industry

- (1) Processing of traditional Chinese medicines that have been listed as the Regulations on Conservation and Management of Wild Chinese Medicinal Material Resources and Rare and Endangered Plants in China
- (2) Application of preparing technique of traditional Chinese medicines in small pieces ready for decoction, like steam, frying, moxibustion, calcining, and production of the products of secret recipe of traditional Chinese patent medicines

3. Non-Ferrous Metal Smelting and Rolling Processing Industry

- (1) Smelting and processing of radioactive mineral products

4. Special Equipment Manufacture Industry

- (1) Manufacture of Weapons and Ammunition

5. Electric Machinery and Equipment Manufacture Industry

- (1) Manufacture of open-lead-acid cells, mercury Button Type Silver Oxide Cells, paste dioxide-zinc battery and nickel cadmium cells

6. Industry Products and Other Manufacturing Industries

- (1) Ivory carving
- (2) Tiger-hone processing
- (3) Production of bodiless lacquer ware
- (4) Production of enamel products
- (5) Production of Xuan-paper (rice paper) and ingot-shaped tablets of Chinese ink
- (6) Production of carcinogenic, teratogenic, mutagenesis and persistent organic pollutant products

IV. Production and Supply of Power, Gas and Water

1. Construction and management of conventional coal-fired power of condensing steam plants whose unit installed capacity is less than 300,000kW, within the small power grid in Xizang, Xinjiang, Hainan province, and the coal-fired power of condensing-extraction steam plants with dual use unit cogeneration

V. Communication and Transportation, Storage, Post and Telecommunication Services

1. Companies of air traffic control
2. Companies of postal services

VI. Leasing and Commercial Service Industry

1. Social investigation

VII. Scientific Research and technical Services Industries, Geological Prospecting

1. Development and application of human stem cells and gene diagnosis therapy technology
2. Geodetic survey, marine charting, mapping aerial photography, administrative region mapping, relief map of map compilation and navigation electronic map compilation of common map compilation

VIII. Irrigation, environment and public utilities management

1. Construction and management of nature reserve and international signify marshy
2. Development of resources about wild animals and plants be native to domestic protected by nation

IX. Education

1. Institution of compulsory education and special education, like military, policeman, politics and party school

X. Art, Sports and Entertainment Industries

1. News agencies
2. Business of publishing, producing, master issuing, and importing of books, newspaper and periodical
3. Business of publishing, producing, master issuing and importing of audio and visual products and electronic publications
4. Radio stations, TV stations, radio and TV transmission networks at various levels (transmission stations, relaying stations, radio and TV satellites, satellite up-linking stations, satellite receiving stations, microwave stations, monitoring stations, cable broadcasting and TV transmission networks)
5. Companies of publishing and playing of broadcast and TV programs
6. Companies of films making, issuing, business
7. News website, network audiovisual service, on line service location, internet art management
8. Video screening companies
9. Construction and management of golf course
10. Gambling industry (including gambling turf)
11. Eroticism

XI. Other Industries

1. Projects that endanger the safety and performance of military facilities

XII. Other industries restricted by the State or international treaties that China has concluded or taken part in

State Development and Reform Commission, Ministry of Commerce 2007-10-31

11.3.4 Focal Policies of National 11th Five-Year Plan for Environmental Protection

(1) Reduction of CO₂ emissions and improvement in the quality of water

- Ensure the achievement of CO₂ reduction target
- Ensure safety of drinking water sources
- Facilitation of the prevention and control of water pollution of key river basins

(2) Reduction of SO₂ emissions to prevent and control air pollution

- Ensure the achievement SO₂ emission reduction target
- Comprehensive improvements in urban air quality
- Enhancement in the prevention and control of industrial waste gases
- Strengthening the prevention and control of vehicle emission pollution
- Intensification of noise pollution control
- Control in the emissions of greenhouse gases

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- (3) **Control solid waste pollution and promote recycling and reuse of solid waste**
- Implementation of projects to dispose of hazardous and medical waste
 - Implementation of innocuous disposal of domestic garbage
 - Promotion of comprehensive utilisation of solid waste
- (4) **Protection of ecological environment, improvement in level of security for ecological safety**
- Development of national zoning for areas with “ecological functions”
 - Initiation of activities for the conservation of key areas with “ecological functions”
 - Development of quality for nature reserves
 - Strengthening the conservation and safety management of species resources
 - Intensification of environmental supervision on development and construction activities
- (5) **Control of Rural Environment, Promotion of the Development of New Socialist Countryside**
- Focus on the prevention and control of soil pollution
 - Comprehensive environmental control in rural areas
 - Prevention and control of rural pollution
- (6) **Strengthening marine environmental protection, focusing on the prevention and control of pollution as well as ecological damage of coastal sea waters**
- Work toward reducing pollutants from land-based activities
 - Acceleration of pollution control in key sea areas
 - Prevention and control of port and ship pollution
 - Protect marine ecological environments
 - Prevent and control marine environmental disasters
- (7) **Strict supervision and management to ensure nuclear and radiation environmental safety**
- Improvement in the quality of construction of nuclear facilities and operation safety levels
 - Improvement in management of radioactive isotopes and radiation devices
 - Acceleration in control of radioactive pollution
 - Improvement in prevention and control of electromagnetic radioactive pollution
- (8) **Enhance management capacity building and raise law enforcement supervision**
- Establishment of advanced environmental monitoring and early warning systems
 - Establishment of a complete environmental law enforcement supervision system
 - Development of an environmental emergency response system
 - Improvement in China’s comprehensive environmental assessment capacity
 - Development of the “Jinhuan Project” (a national and local environmental protection information system)
 - Strengthening the supporting capacity in the innovation of environmental science and technology

11.4 Appendix- Data

11.4.1 Chengdu GDP and its Composition by Industry by Year

Industry	2003 (CNY m)	2004 (CNY m)	2005 (CNY m)	2006 (CNY m)	2007(CNY m)
Total	162,218	188,224	223,823	259.075	314.190
Primary Sector	9,513	10,223	10,957	11.591	12.915
Secondary Sector	70,187	82,578	101,926	119.574	144.000
Tertiary Sector	82,518	95,423	110,94	127.910	157.275



11.4.2 Main Economic Indicators of All State-Owned Industrial Enterprises and Non-State Owned Enterprises with Sales Income over CNY 5m (CNY m)

Type	Number of Businesses	Number of Money-Losing Enterprises	Total Intangibles and Deferred Assets	Net Receivables	Finished Goods
Total	1695	385	396,548.65	33,765.13	15,709.40
<i>Grouped by Ownership</i>					
<i>Domestic Funded Enterprises</i>	1423	332	322,161.31	24,741.60	11,419.83
State-owned	107	32	191,651.88	88,431.92	55,716.55
Collectively Owned	75	13	1,808.26	325.11	158.97
Cooperative Shareholding Enterprises	15	8	482.57	125.40	53.28
Joint-owned Enterprises	9	3	564.24	161.66	28.17
Limited Liability Enterprises	479	112	62,682.22	7,141.02	2,751.31
Shareholder Enterprises	116	23	40,940.64	4,813.39	1,422.10
Privately Owned	619	140	23,853.43	3,288.56	1,430.56
Other	10	1	178.07	43.27	3.79
<i>Hong Kong, Macao, and Taiwan Funded Enterprises</i>	85	15	13,118.35	2,955.23	1,084.24
<i>Foreign Funded Enterprises</i>	180	38	61,268.99	6,068.30	3,205.33
Large-Scale Enterprise	35	4	249,457.00	11,912.88	8,249.04
Medium-Scale Enterprise	196	33	79,612.87	10,590.39	4,249.06
Small-Scale Enterprise	1,464	348	67,478.77	11,261.85	3,211.30

11.4.3 2007 Main Economic Indicators of Overseas-Funded Industrial Enterprises (CNY m)

Type	Annual Average Balance of Liquid Assets	Net Value of Fixed Assets	Total Liabilities	Sales Income of Products	Sales Cost of Products
Total	160,143.34	133,909.72	241,475.10	353,622.07	279,689.86
<i>Grouped by Ownership</i>					
<i>Domestic Funded Enterprises</i>	<i>125,630.71</i>	<i>110,778.73</i>	<i>195,449.01</i>	<i>256,412.89</i>	<i>202,146.96</i>
State-owned	60,421.79	79,063.51	125,942.58	144,477.72	119,139.82
Collectively Owned	1,100.53	502.55	1,192.23	2,569.63	2,126.51
Cooperative Shareholding Enterprises	321.10	86.03	225.88	1,041.84	960.76
Joint-owned	286.53	247.32	325.22	490.74	431.50
Limited Liability	32,703.20	14,081.10	34,398.42	55,639.36	37,002.85
Shareholder	19,954.89	10,751.46	21,986.904	27,241.42	21,482.72
Privately Owned	10,723.10	5,995.48	11,170.72	24,442.13	20,587.37
Other	119.57	51.27	107.06	510.06	415.44
<i>Hong Kong, Macao, and Taiwan Funded Enterprises</i>	<i>7,199.43</i>	<i>4,078.73</i>	<i>8,401.31</i>	<i>21,101.40</i>	<i>18,343.63</i>
<i>Foreign Funded Enterprises</i>	<i>27,313.19</i>	<i>19,052.26</i>	<i>37,624.78</i>	<i>76,107.79</i>	<i>59,199.27</i>
Large-Scale Enterprise	92,069.66	89,614.34	156,929.81	220,751.25	171,810.01
Medium-Scale Enterprise	35,552.95	27,019.93	47,522.72	64,802.67	51,419.62
Small-Scale Enterprise	32,520.73	17,275.44	37,022.57	68,068.15	56,460.23

11.4.4 2007 Main Economic Indicators of Overseas-Funded Industrial Enterprises (CNY m)

Type	Sales, Taxes and Extras	Management Expenses	Financial Expenditures	Interest Paid
Total	12,077.88	18,342.28	2,805.39	3,023.90
<i>Grouped by Ownership</i>				
<i>Domestic Funded Enterprises</i>	9,945.45	14,942.39	2,710.84	2,494.45
State-owned	1,577.74	8,593.27	1,341.32	1,397.70
Collective-owned	59.84	218.79	19.12	11.41
Cooperative Shareholding Enterprises	3.79	45.05	4.93	3.91
Joint-owned	2.03	27.66	3.11	1.30
Limited Liability Shareholder	7,903.75	3,388.16	541.89	495.16
Privately Owned	220.93	1,477.82	553.56	391.70
Other	174.16	1,146.98	244.05	191.98
<i>Hong Kong, Macao, and Taiwan Funded Enterprises</i>	3.20	44.66	2.85	1.30
<i>Foreign Funded Enterprises</i>	14.44	562.56	21.45	65.64
Large-Scale Enterprise	2,117.99	2,837.34	73.10	463.80
Medium-Scale Enterprise	11,332.38	11,125.25	1,352.27	1,670.87
Small-Scale Enterprise	378.41	3,569.16	877.78	890.08
	367.10	3,647.87	575.35	462.95

11.4.5 2007 Main Economic Indicators of Overseas-Funded Industrial Enterprises (CNY m)

Type	Total Profits	Total Losses of Loss-Making Enterprises	Value-Added Tax Payable This year	Average Personnel Quantity (person)
Total	24,407.54	1,386.77	15,418.40	506,613
<i>Grouped by Ownership</i>				
<i>Domestic Funded Enterprises</i>	18,160.31	1,200.28	11,581.97	424,794
State-owned	10,605.05	459.25	6,861.29	174,355
Collectively Owned	104.50	38.79	90.30	16,089
Cooperative Shareholding Enterprises	1.90	6.25	16.70	2,007
Joint-owned	15.83	4.93	12.66	1,423
Limited Liability	4,273.87	299.79	3,151.25	105,640
Shareholder	2,070.63	235.14	785.19	48,214
Privately Owned	1,064.09	155.23	651.23	75,824
Other	24.44	0.91	19.05	
<i>Hong Kong, Macao, and Taiwan Funded Enterprises</i>	1,027.61	40.07	391.26	24,040
<i>Foreign Funded Enterprises</i>	5,219.62	146.41	3,445.16	57,779
Large-Scale Enterprise	16,785.77	509.13	11,031.36	208,877
Medium-Scale Enterprise	4,522.40	381.11	2,374.13	142,651
Small-Scale Enterprise	3,099.36	496.54	2,012.91	155,085

11.4.6 Wuhan Population

Year	Overall Population (millions)
2000	7,491,943
2001	7,582,259
2002	7,680,958
2003	7,811,855
2004	7,859,017
2005	8,013,612
2006	8,188,431
2007	8,282,137

11.4.7 Employment by Sector

Year	Overall Employment	Primary Sector	Secondary Sector	Tertiary Sector	Primary Sector (% total)	Secondary Sector (% total)	Tertiary Sector (% total)
2000	4,178,000	914,300	1,489,500	1,774,200	21.9	35.7	42.5
2001	4,061,200	904,200	1,414,700	1,742,300	22.3	34.8	42.9
2002	4,073,000	860,200	1,434,100	1,778,700	21.1	35.2	43.7
2003	4,120,000	830,800	1,444,300	1,844,900	20.2	35.1	44.8
2004	4,175,000	818,100	1,413,000	1,943,900	19.6	33.8	46.6
2005	4,218,000	805,800	1,376,600	2,035,600	19.1	32.6	48.3
2006	4,296,000	833,600	1,403,900	2,058,500	19.4	32.7	47.9
2007	4,422,000	829,600	1,466,000	2,126,400	18.8	33.2	48.1

11.4.8 Wuhan Average Wage

Year	Average Wage (CNY)
2000	9728
2001	11314
2002	12161
2003	13729
2004	15971
2005	18505
2006	21839
2007	25136

11.4.9 2007 Average Wage of Fully Employed Staff and Workers (CNY)

Industry	Full employ staff workers	State-Owned Units	Collective Owned Units	All Other Kinds
Total	25136	30443	15943	19438
Grouped by Enterprises, Institutions, Agencies				
Enterprises	22380	27296	15708	19525
Institutions	29380	27296	15708	19525
Agencies	47760	47775	38872	
By Industry				
Farming, Forestry, Animal Husbandry and Fishery	8376	8311	10416	15955
Mining and Quarrying	18476		10162	24239
Manufacturing	22269	31076	12232	17546
Electricity, Gas, Water Production and supply	27119	26810		27529
Construction	19115	24049	16033	17650
Transportation, Warehousing, and Post	19560	18237	10782	22649
Information technology, computing, software	37898	30108	18111	42334
Wholesale and Retail	18294	19064	17849	18140
Food and Lodging	13056	14400	10045	12760
Finance	57134	57760	38639	60679
Real Estate	23978	27144	20000	23133
Leasing and Business Services	22284	29176	16805	18203
Scientific Research, Technology, and Geological Exploration	41338	43022	26177	29311
Water, Environment, and Public Facilities Management	20260	20797	15727	14385
Residential and Other Services	19208	36561	16016	16834
Education	29394	29576	23432	21840
Health, Social Security, and Social Welfare	35173	36110	18683	23123
Culture, Sport, and Entertainment	30366	30833	9565	27090
Public management and Social organization	44533	47917	23307	10249

11.4.10 Agricultural Production Statistics

Item	Production (tons)	Percent Growth from 2006
Grain	1373980	1.3
Oil	184808	0.4
Cotton	34369	11.9
Vegetables	5840147	-1.8
Meat	24953	7.3
Poultry	4397,57	4



12 Disclaimer

To the best of our knowledge, the information contained in this report is accurate. However, neither CIG nor China Economic Indicator is responsible for actions taken based on information herein.

Readers are urged to exercise due diligence before any business arrangement.

