BOOMING ECONOMIC CENTER OF NORTH CHINA

AGGRESSIVE NATIONAL FINANCIAL REFORM AND INNOVATION BASE

The 11th 5-Year Plan for National Economy and Social Development has caught the whole world’s sight on Tianjin, China. An overall strategic decision will be implemented here. Following Shenzhen Special Economic Zone and Shanghai Pudong New Area, Tianjin Binhai New Area will be a prioritized area in China’s strategic plan for the new-round development. The whole development and opening-up of Binhai New Area will turn into a national strategy instead of a municipal one.

As a national pilot area for the comprehensive reform package, Binhai New Area will become the third pole in China’s economic growth. Carrying its mission with responsibility, embracing passion and dreams, Tianjin has set sails.
CONTENTS

Part 1
ECONOMY DEVELOPMENT............................07
General situation of Tianjin..........................08
Brief introduction of Tianjin
Economy development

Binhai New Area.........................................10
Functional orientation
Financial reform and innovation base

Part 2
FINANCE DEVELOPMENT............................13
Finance reform and innovation in Tianjin...........14
Status quo of development
Advantages for development

Yujiapu Financial District.............................22
Functional orientation: financial industry at the core
Integrated planning: multiple types of industries
High-end construction: ecological peninsula

Part 3
LOCATION AND TRANSPORT.........................25
Location advantages
Location of Tianjin
Location of Binhai New Area
Location of Yujiapu Financial District
GENERAL SITUATION OF TIANJIN

BRIEF INTRODUCTION OF TIANJIN

Tianjin is one of China’s four municipalities directly under the Central Government and it is the economic center of North China.

Located at the northeast part of the North China Plain and the lower reaches of the Haihe River, Tianjin faces the Bohai Sea in the east and is close to the Yan Shan Mountain in the north. Located 120 kilometers east of Beijing, it has a strategic position as the gate to the capital city. The total area of Tianjin is 11,760 square kilometers; the length of its coastline is 153 kilometers. The length of its borders is 1,137 kilometers. Internally, it faces 13 provinces, cities and autonomous regions in the north, northwest and northeast of China. Externally, it faces Northeast Asia. It is the biggest open coastal city in north China.

The State Council approved the Overall Urban Planning of Tianjin (2005-2020) on July 27, 2006, orienting Tianjin as an International harbor city, economic center of North China and ecological city. Currently, Tianjin has formed an industrialized economy pattern. With the booming of the manufacturing industry, high and new technology industry, logistics, financial industry and other pillar industries and the rapidly enhancing of its comprehensive regional economic power, Tianjin is a city with one of the most promising economic developments following the Shenzhen Special Economic Zone and Shanghai’s Pudong New Area. As North China’s international shipping transportation center, the role that Tianjin plays in covering and promoting local economic development is gradually emerging.

ECONOMIC DEVELOPMENT

Tianjin’s GDP was over 7.5 billion RMB in 2009 which shows an increase of 16.5% in one year. Seen by sector, the primary sector realized an added-value of 13 billion RMB, marking an increase of 3.4%; the secondary sector realized an added-value of 411 billion RMB, an increase of 18.2%; the tertiary sector realized an added-value of 326 billion RMB, a 15.3% increase. The repartition by sector is 1.7% (primary), 54.8% (secondary) and 43.5% (tertiary). Based on the permanent resident population, the per capita GNP of Tianjin is 62,403 RMB, equivalent to 9,136 USD. The annual investment of the whole city in fixed assets exceeded 500 billion RMB, reaching 501 billion RMB, an increase of 47.1% over the previous year, the fastest in the past 18 years.

There are eight main competitive industries, namely aerospace, petrochemical industry, equipment manufacturing, electronic information, biomedicine, new energy and new material industry, national defense related science and technology and light and textile industry. Their gross industrial output value is 1.212 billion RMB; the output value of high and new technology industries is 392 billion RMB, and the new product output value is 395 billion RMB.

The construction of the international shipping and logistics center is being steadily promoted. The annual throughput of port cargo is more than 381 million tons, the container throughput is 8.7 million TEUs. There are 75,000 flights taking off and landing in Binhai international airport in a year. The airport’s cargo throughput is 168,000 tons and its passenger throughput is 5.78 million people. All of these make the Tianjin Binhai International Airport rank among the national large-scale airports with its service radius reaching inner territories. Imports and exports through the Tianjin Port represent more than 124 billion USD annually, with 58% being in transit to/from other places. There are 16 inland dry ports in total, 6 of them newly built.
BINHAI NEW AREA

FUNCTIONAL ORIENTATION

The Tianjin Binhai New Area (TBNA), located on the eastern coast of Tianjin, is at the center of the Bohai rim economic circle. It is not only the closest point to the east of the New Eurasian Land Bridge, but also a significant outgoing seaport for China’s neighboring noncoastal countries. TBNA has a planned area of 2,270 square kilometers, with a coastline of 153 kilometers comprising a water and wetland area of over 700 square kilometers. 1,200 square kilometers of saline uncultivated land remains to be explored. TBNA contains nine industrial functional areas, namely the Advanced Manufacturing Zone, the Airport Industrial Park, the Binhai High-tech Industrial Development Park, the Lingang Economic Zone, the Nangang Industrial Zone, the Seaport Logistics Zone, the Binhai Tourism Zone, the Sino-Singapore Tianjin Eco-City, and the Central Business District, as well as the Tianjin Port, a comprehensive trading port ranking in the world’s top 5 in terms of throughput.

Featured as the symbol of the national overall development strategy in 2006, the development and opening-up of the Tianjin Binhai New Area has entered a new stage, becoming another new engine for regional economic growth after the Shenzhen Special Economic Zone and Shanghai’s Pudong New Area and named as “the third pole of China’s economic growth in the 21st century”. According to the strategic plan for development: “one core and two ports, nine supporting areas and promotion by leading enterprises”, TBNA will forge aerospace, petrochemical industry, equipment manufacturing, electronic information, biomedicine, new energy and new material industry, light and textile industry and, national defense-related science and technology as the eight pillar industries through adjustment on the industrial layout of the nine functional areas and it spatial integration. Finally we will make these nine areas as functional areas with outstanding industrial features and highly-concentrated functions, becoming the industrial development carrier of high-end, high-quality and high-tech industries. In this way, it will support the New Area’s development and play a role as regional industrial guidance and technology diffusion.

The total GDP of TBNA in 2009 was over 381 billion RMB, a yearly increase of 25.9%, and representing 50.8% of Tianjin’s GDP. The main economic indicators of the New Area have increased rapidly. The total industrial output value is more than 822 billion RMB, increasing by 11.6%. The fixed investment was 250 billion RMB, increasing by 49.2%. The total retail sales of consumer goods were over RMB 45 billion, increasing by 31.8%. The contract value of direct foreign investment exceeded 10 billion USD, increasing by 5.7%. The amount of these funds actually put into place is close to 6 billion USD, increasing by 22.1%.
As the most vigorous and most attractive modern new economic area and having the most potential, the Binhai New Area will rely on Beijing, Tianjin and the Hebei province to serve the Bohai circle region, covering North, Northwest and Northeast China and facing Northeast Asia. Great efforts will be taken to develop this area into the gate to North China's opening-up plan, a high-level modern manufacturing and R&D transformation base, an international shipping center and logistics center of North China, and gradually a prosperous, harmonious and beautiful new eco-city suitable for living.

FINANCIAL REFORM AND INNOVATION BASE

The State Council issued Opinions on Relevant Issues in Promoting the Development and Opening-up of Tianjin Binhai New Area in May 2006, approved Tianjin Binhai New Area to be a national pilot area for the comprehensive reform program, emphasizing that we should make the financial reform and innovation a primary task of our recent work. Major reforms in financial enterprises, financial business, financial market and financial opening up, can theoretically all be implemented in advance in TBNA.

The State Council approved the Overall Plan for Comprehensive Reform Program of Tianjin Binhai New Area, clearly making the financial reform and innovation as a primary task. In accordance with scientific principles of prudence and risk control, we should successfully accomplish the reform and innovation, as well as the test, so as to gather experience and set a good example for the national financial development.

Approved by the State Council, the National Development and Reform Commission approved the Special Plan for Financial Innovation in Comprehensive Reform Program of Tianjin Binhai New Area on October 26, 2009, marking a new stage for financial reform and innovation in Tianjin. The Special Plan for Financial Innovation contains 6 main aspects with a total of 30 key projects, such as the intensification of the Investment and financing system reform, the execution of comprehensive operating pilots, the integration and establishment of financial organizations, the good operation of foreign exchange management reform pilots, the improvement of the financial development environment, the perfection of the financial risk prevention system. Through the pilots in financial enterprises, financial business, financial market and financial opening up, we are striving to establish an appropriate modern financial system for the northern economic center and a new national financial reform and innovation base to offer experience and set a good example.
FINANCIAL REFORM AND INNOVATION IN TIANJIN

STATUS QUO OF DEVELOPMENT

As one of the birthplaces of China modern financial industry, Tianjin was once the financial center of Northern China. An old saying goes like “in the south there is Shanghai, in the north Tianjin”. With a strong cultural and financial background, Tianjin takes a significant status in China’s financial development. Tianjin Binhai New Area’s financial reform and innovation is the primary task of Binhai New Area comprehensive supporting reform test. Therefore, our government and some related national ministries and commissions have attached great importance to Tianjin Binhai New Area financial reform and innovation. A great number of policies and regulations have been approved and published to support pilots of significant reforms on all aspects of financial enterprises, financial business, financial market and financial opening up.

Giving full play to various advantages offered by our government, combining the urban orientation of Tianjin and Binhai New Area functional orientations, Tianjin’s financial industry has gradually established a development target and orientation which are to develop a modern financial service system adapted to the development and opening up of the northern economic center and Binhai New Area, as well as build it to become the national financial reform and innovation base adapted to the status of northern economic center as well as Binhai New Area development and opening-up plan. Also, we will reform several important aspects. Namely the development of direct financing, comprehensive financial business, foreign exchange management system reform, development of capital market, development of financial organization system and construction of financial environment. Through the positive breakthrough in important fields and key steps, the integral improvement of Tianjin’s financial industry will be accomplished.

Tianjin actively adapts to the development tendencies of globalization and professionalization. We take pride in our perfection, innovation and system improvement as our strong points to attract various financial organizations. Thus, a multilevel, diversified and open financial system is shaped, based on banking, insurance, stock-fund, leasing, management, and financial company headquarters. It also includes trusts, securities, futures, and outsourcing services. From 2005 to 2009, the added value of Tianjin’s financial industry rose from more than 16 billion RMB to more than 42 billion RMB, going from 4.3% to 5.6% of the GDP.

Banking industry

From 2005 to 2009, the domestic and foreign currency deposits of Tianjin’s financial organizations rose from 609 billion RMB to 1,389 billion RMB, with new deposits of 780 billion RMB, showing an increase of 128%; loans went from 472 billion RMB to 1,115 billion RMB, with new loans representing 643 billion RMB, marking an increase of 136%; the total assets of banking institutions rose from 753 billion to 1.8 trillion RMB, increasing by 142%. The bad loan ratio decreased from 6.2% to 1.8%.

Insurance industry

The insurance industry in Tianjin showed a rapid growth. From 2005 to 2009, the premium income of insurance companies rose from 9.1 billion RMB to 15.1 billion RMB, increasing by 66%; the total assets of insurance companies rose from 25.2 billion RMB to 46.3 billion RMB, increasing by 83.7%; the total amount of property insurance offered by insurance companies to the insured rose from 808 billion RMB to 1,845 billion RMB, showing an increase of 128%; Insurance density and penetration in 2009 reached 1,232 RMB and 2% respectively.

Securities and futures industry

By the end of 2009, there was one securities company headquarters, one securities company subsidiary, 89 securities exchanges, one fund, one securities credit rating agency, two securities investment advisory organizations, 2.42 million investor’s securities accounts. Securities exchanges market value is 1264 billion RMB. Newly-opened securities exchanges accounts in the area amount to 2.52 million. Management of client assets amounts to 150 billion RMB. The industry shows a total annual turnover of 148 million RMB. The total income is 2.3 billion RMB and the net margin is over 1.1 billion RMB.

Listed companies

By the end of 2009, there were 47 companies listed on 52 domestic and foreign markets, including 31 companies listed on the Shanghai and Shenzhen stock exchanges, 7 companies listed overseas, 3 red-chip companies listed in Hong Kong and 10 companies listed overseas with assets from Tianjin.

Fund industry

Tianjin is one of the most active districts of
China’s private equity fund. The Bohai Industrial Investment Fund was established in Binhai New Area in December 2006 with a total value of 20 billion RMB. It is the first contractual RMB industrial investment fund approved in China. A shipping industry investment fund, worth 20 billion RMB, was established in December 2009. It is the first shipping industry investment fund in China to fully develop private equity fund and venture capital fund. By the end of 2009, 291 equity funds and fund management companies were registered in Tianjin with a registered capital of 66.5 billion RMB; 122 venture capital funds and fund management companies were registered with a capital of 11 billion RMB. China’s first equity investment fund association and equity investment fund service center were established in Tianjin, providing conditions for the rapid development of Tianjin’s fund industry. Since 2007, the Tianjin municipal government, China Federation of Industry and Commerce and American Association for Corporate Growth have continuously and successfully held the “China International Private Equity Forum (CIPEF)” for 4 consecutive years. It is held in Tianjin in June every year. The Forum has become one of the large-scale international events and the highest level for private equity fund.

ADVANTAGES FOR DEVELOPMENT

First: location and economic surroundings advantages—a vast space for development
The location advantages of Tianjin are obvious. Tianjin is located at the center of Northern China’s golden coast. It is not only adjacent to the capital city, but also the outgoing seaport serving the northern and northwestern regions of China. It is the axis of the two sectors of North China’s opening-up to internal and external land. Moreover, it is the easternmost point of the New Eurasian Land Bridge in China and has a three-dimensional integrated modern transport network combining sea, land, and ports with ports as the center. Meanwhile, there is a great deal of exploitable land between Tianjin Binhai New Area and the central downtown area. It provides an abundant space for the further economic development of Tianjin and makes capital scale growing larger.

Second: pilot innovation advantages—a more powerful driving force for development
After the development and opening-up plan of Tianjin Binhai New Area was officially included in the national development strategy, Tianjin has become an innovation and practice base of China’s increasing reforms and wider opening up plan of the new era. The position of financial innovation base ensures the boosting of Tianjin’s financial industry’s development. The policy advantages encourage innovation and promote the constant development of the city.

Third: fundamental advantages for the development of capital market—a more comprehensive system of quasi-capital markets
Tianjin actively explores to build a multi-level capital market system. We have established Tianjin Equity Exchanges, Tianjin Binhai International Equity Exchange, Climate Exchange, Bohai Commodity Exchange, Ferroalloy Exchange and a number of new types of transactions; the Tianjin Binhai International Equity Exchange utilizes the resources of China International Private Equity Forum, building a trade platform for investment and financing information; the Climate Exchange utilizes marketing instruments and financial innovation methods, forging an international trading platform of energy conservation and emissions reduction; the Bohai Commodity Exchange explores a goods-in-stock standard and a continuous contract pattern, firstly promoting Oman international crude oil and hot coal trade in China and coke trade in the globe. All kinds of innovative trading platforms are established, so as to further promote the rational, efficient and orderly flow of various resources.
Fourth: advantages of rapid economic growth needs—a more solid foundation for development

In recent years, Tianjin’s economy has a great leap-forward kind of development, trade and economic activities have become increasingly active. The healthy development of industry and large-scale urban infrastructures has provided a strong support to the development of the financial industry. Especially with the launch of high-level and important projects for a total investment of 1.7 trillion RMB, the “Ten Campaign” development plan of Binhai New Area is in full swing. The Port Logistics Zone and the International Trade and Shipping Service Center are officially open. The International Cruise Passenger Terminal is under construction, the Northern Power Plant, the Bohai chemical industry zone, Sinopec’s integrated one million tons ethylene refining petrochemical base, the new village base of Sinopec chemistry and the large shipbuilding base projects are all actively promoted. The implementation of the Airport Industrial Zone, the Airbus A320 series aircraft, the Binhai Leisure Zone and a number of large service projects as well as the prosperous development of advantageous industries such as electronic information, new energy and environmental protection providing a strong support for the expansion of the financial industry.

Tianjin’s Ninth Municipal Party Congress has put forward the city’s economic development targets: by 2011, Tianjin’s GDP will exceed 800 billion RMB with a per capita GDP of over 8,000 USD, fiscal revenue of more than 200 billion RMB, which will provide a more solid base for the development of the financial industry.

Fifth: government-supporting policy advantages—a more reliable policy and system guarantee.

Tianjin has been always attaching great importance to the financial industry, and issued a series of policies and regulations with local characteristics to promote the development of the financial industry. It has promulgated the Preferential Financial and Taxation Policies of Tianjin for Promoting the Development of Modern Service Industry, Opinions on Speeding up the Innovation Development of Tianjin Binhai New Area Insurance Reform Pilot Area, Opinions on Optimizing the Business Environment to Promote Investment and Financing, Measures for Promoting the Development of Equity Investment Fund Industry In Tianjin, Interim Measures for Recruiting High-level Overseas Talents by Enterprises and Commercial Financial Institutions In Tianjin, Opinions on Strengthening the Construction of the Social Credit System, Opinions on Establishing the Cooperative Mechanism for the Banking Industry to Further Improve the Financial Services, Opinions on Preventing legal prevention and Timely Disposing of Illegal Financial Operations in accordance with the Law so as to Regulate the Market and Financial Order and other policy documents, providing policies and systems guarantees for the development of the financial industry.

Sixth: environmental advantages of financial development—a more optimized financial environment

Tianjin established a municipal financial services joint meeting system to provide comprehensive service for the financial industry. Tianjin also established a working mechanism with financial stability and coordination leading group as the core to strengthen risk prevention and control for the governmental investment and financing platform and other key fields, and also formed a sophisticated three-dimensional financial security protection network. Tianjin speeds up the development and construction of Yujia Financial District and Finance City on North Jiefang Road so as to provide a good gathering environment for the entered agencies; the city introduced influential credit rating agencies, focusing on promoting urban business and personal credit information database construction; Tianjin established the Tianjin International Economic and Trade Arbitration Commission to provide dispute settlement mechanisms which comply with international rules for all types of subjects. Tianjin also established the Asian Business School, Research Center for Northeast Asian Financial Cooperation and other academic research institutions to train senior financial management talents.
Functional orientation: financial industry at the core
Yujiapu Financial District is located at the core of Tianjin Binhai New Area, and is an essential component of the central business district. The area is defined as a national leader, world-class, comprehensive services, sound financial reform and innovation base. The construction of Yujiapu Financial District is an important component of Tianjin Binhai New Area’s financial reform and innovation work. The financial district will give full play to the policy advantages of financial reform and innovation in Binhai New Area, set innovative financial organization as a pillar and the economic circle surrounding Bohai sea as a platform in order to play an important role in improving the capacity of resource allocation and financial service function of Binhai New Area. Yujiapu Financial District will form an internationally-oriented financial service area characterized by the concentration of organizations, the gathering of talents and resources combined with the industrial development of the nine functional zones of Binhai New Area.

Integrated planning multiple types of industries
Yujiapu Financial District covers an area of 3.86 million square meters, surrounded by water in the east, west and south. It has a total construction area of 9.5 million square meters, and it is to become a 24-hour lively peninsula combining commerce and finance.

The financial district is surrounded by the river on three sides with beautiful scenery. The planned green area will cover more than one million square meters. 4 marinas, several water platforms and leisure entertainment areas will be set in the landscaped area along the river; considering Yujiapu as the birthplace of China’s modern industry, the Tanggu South Station, Haihe port and other historical relics will be included in the landscape design plan, so as to create a historically commemorative cultural landscape.

High-end construction ecological peninsula
Yujiapu Financial District planning puts the planning concepts first. Based upon the full reference of the experience from the financial centers around the world, it has selected a number of globally well-known enterprises to make a unified planning design through international tender. The green ecological plan of Yujiapu Financial District will set a new standard of sustainable urban development and construction for Asia or even the whole world; it will achieve a very high environmental design level as yet never reached by similar scale projects. After the completion of the Financial District, the beautiful landscape of Haihe will be totally integrated with the urban tissue, enjoying multiple functions including ecological living conditions, leisure entertainment and shopping, catering and recreation, tourism, education and training. It is suitable for enterprise executives to do business and their family housing, making the urban elites’ dream of enjoying life on water come true. Following the development concept of green buildings and low-carbon city, Yujiapu Financial District has employed qualified consultant groups to make an overall optimization for the urban planning and architectural design. Guided by American LEED, domestic three-star, two-star and other green architectural standards, it makes full efforts to build an environmental, energy-saving, emission-reducing, and low-carbon green eco-city.
LOCATION ADVANTAGES

Location of Tianjin: located at the center of Northern China’s golden coast, Tianjin is 120 kilometers away from Beijing. It is the seaport servicing multiple regions in North and Northwest China. Moreover, it is the axis of the two sectors of North China’s opening-up to internal and external land.

Location of Binhai New Area: Binhai New Area is located at the intersection of the Beijing-Tianjin city zone and the Bohai Bay, at the center of a vast space covering north, northwest and northeast China. Located at the center of northeastern Asia, it is the shortest and the best outgoing port for the northern and northwestern regions of China to the world, and also the best channel for overseas businessmen to enter into the China’s Midwest market.

It is the only area that gathers the port, development zones, bonded zones, marine high-tech development zones and large industrial bases. It is in the vicinity of Beijing, Tianjin, 12 provinces, autonomous regions and municipalities of Northwest and North China, representing more than two hundred million people.

Location of Yujiapu Financial District: Yujiapu is located at the core of Binhai New Area’s central business district. It is blessed with the location advantage known as “center of the core”. The Financial District is located on the north bank of the Haihe River, surrounded by water in the east, west and south.

CONVENIENT TRANSPORT

Tianjin has basically formed a three-dimensional integrated modern transport network combining sea, land and ports with ports as the center. As the largest air cargo center in North China, Tianjin Binhai International Airport has opened hundreds of domestic and international routes by now; railway and public road cover vast areas of north, northwest, northeast China. Internally, Tianjin Port has a vast hinterland, covering 200 million square kilometers; externally it opens to more than 300 ports in over 170 countries and regions.

Two international airports: Yujiapu Financial District is 150 kilometers from Beijing Capital International Airport. It takes 90 minutes to get there. It takes 35 minutes to reach Tianjin Binhai International Airport by car. Binhai International Airport is open to about 60 cities. There are more than 1,300 flights weekly.

Helipad: A helipad is built inside the Yujiapu Financial District to meet the high-end business needs.

Port and shipping transportation: Yujiapu Financial District is 8 kilometers away from Tianjin Port, the largest port in North China. Tianjin Port is one of the most functional coastal ports in China, ranking in the world’s top 20. It has the largest container port in China, the throughput is ranked in the world’s top 10. Tianjin Port keeps trade contacts with more than 600 ports in over 180 countries and regions and has established friendly relationships with Japan, South Korea, United States and the Netherlands.
Urban rail transit. Tianjin is a large-scale railway hub for the transit shipment of passengers and cargoes, and the road-port transportation connecting Northwest China, Northeast China, North China and East China.

- Beijing-Tianjin intercity railway is the first high-speed train between cities in China. It shortens the distance between Beijing and Tianjin to 30 minutes. Once the Yujiapu Station—the terminal station of Beijing-Tianjin high-speed rail—is completed in 2012, it will only take 45 minutes to get to Beijing. There will be a high-speed rail channel connecting Yujiapu Financial District, Binhai New Area and Tianjin to Beijing by then.

- The light-rail transport system between Tianjin and Binhai New Area is 46 kilometers. It takes 40 minutes to get to Binhai from the downtown area, which greatly improves the business travel efficiency.

- Yujiapu Financial District will construct 5 subway lines—3 of them vertical and the other 2 horizontal—connecting the Tianjin downtown area, Sino-Singapore Eco-city and other areas. It will make the future public transport of the financial district convenient and efficient.

- Highways A highway network covering north, northeast, east and northwest China runs in or through Tianjin. There are multiple vital communication lines, such as the Beijing-Harbin, Beijing-Shanghai, Beijing-Tianjin, Hengsha-Wuhan, Changchun-Shenyang and Tianjin-Shanghai highways. 3 ring roads and 14 urban roads form the core of Tianjin’s road network. Tianjin has become China’s city with the highest concentration of highways.

- Yujiapu Financial District is 60 minutes by road from downtown Beijing through the Beijing-Tianjin-Tanggu highway and the Beijing-Tianjin second highway.

- It takes 30 minutes by car to get to downtown Tianjin by the Tianjin-Binhai highway.

- After the completion of “Tianjin Avenue”, downtown Tianjin will be connected to Binhai New Area’s central avenue, forming a seabed linkage in the south of the Financial District. It will take 27 minutes to get to the Tianjin downtown area.

**Traffic Planning of Yujiapu Financial District**

With “three-dimensional structure as the composite function” being the principle for the traffic planning, the internal traffic plan of Yujiapu Financial District adopts a diverse traffic combination. It combines road traffic, rail traffic, water traffic, foot traffic and underground traffic.

The central avenue of Binhai New Area will pass through the Financial District on a north-south axis, and several bridges across the Haihe River will connect east to west. The whole regional traffic will be clearly separated.

A helipad will specially be set in the Financial District, to provide convenient air traffic.
The Structure of an Intelligent City

Application of the Multi-information platform to end users

The Standard Structure and Platform of Public Information Exchange

<table>
<thead>
<tr>
<th>Corporation and government data centre</th>
<th>Corporate Application</th>
<th>Personal Consumption Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Providing IT support for corporations, ministries and commissions, supported by the following infrastructure centres</td>
<td>The corporations can read or set up four main applications of support service, with the infrastructural service.</td>
<td>The service system set up by relevant personal consumption service providers.</td>
</tr>
</tbody>
</table>

Shared communication system

<table>
<thead>
<tr>
<th>Global Communication centre</th>
<th>Cloud Computing data centre</th>
<th>Corporate and personal access</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Access services are available in broadband and wireless, ensuring the basic connection of the “intelligent city”.</td>
</tr>
</tbody>
</table>

Development of a foundational high-speed network

A high-speed information network is the foundation of the “intelligent city”. The information city should have a super high-speed network inside the city and stable high-speed networks between cities and internationals. Cable networks, wireless networks, and telecommunications networks must be developed together, to be convenient and efficient.

Information Services Solutions

<table>
<thead>
<tr>
<th>Network Services</th>
<th>Professional Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access</td>
<td>Industries</td>
</tr>
</tbody>
</table>

COMMUNICATION NETWORK

In order to fully meet the requirements of enterprises entering the District for efficient telecommunication network service, the Information Center of Yuyiupu Financial District will utilize modern information technology, equipments and processing methods to provide one-stop and high-quality service for customers. Besides telecommunication network solutions and professional services, outsourcing services like clients' contacts, advertising services and business process will be offered to make the enterprises enter the Financial District easily. Meanwhile, we will cooperate with financial institutes and professional organizations to cultivate financial talents and provide information background service. Yuyiupu Financial District will improve the reliability of network through an open network access and efficient network, forging competitive, efficient and fully innovative telecommunication “smart town” in respect of public administration, public services and public safety. Services in Yuyiupu Financial District Information Center:

- create a diverse, flexible, sound and safe information highway
- The core network of Yuyiupu Financial District will use the world’s most advanced PON new bus-control fiber network design, characterized by high bandwidth, long distance and no requirement of power, together with highly confidential and flexible network protection structure. It is especially suitable for the requirement of high-density broadband networks in the Financial District.

- International telecommunications submarine cables provided currently are owned by different telecom operators, by three landing stations connecting to the whole nation with international satellites as stand-by channels.

- The central network in the Financial District is accessed by three telecom operators through different domestic and international routes simultaneously. It uses self-built satellite ground station as backup, providing protection for creating efficient and safe Information highway.

- To build a world-class network operation center (NOC) as a support, make sure to provide high-quality telecom service for international financial organizations.

- Fourth-class data center - meet the enterprises’ requirements in five aspects as generator room facilities, safety, business continuity, resources integration, information infrastructure and service management.

- Off-site disaster recovery center can offer perfect disaster recovery plans to financial enterprises and accomplish current-time data transmission by remote data replication technology to ensure a continuous operation.

- Through the provision of intelligent housing service, clients can use housing networks to remotely control all facilities. This provides a safe and convenient housing environment.

- Fiber network access can be done through different means such as fiber-to-the-home (FTTH), fiber-to-the-building (FTTB) and Fiber-to-the-curb (FTTC) according to different functional needs.

- In office and business buildings, it will mainly be fiber and ethernet networks, using encrypted and independent network (IDN) to provide different network access functioning.

- Fiber-to-the-room (FTTR) will be used in hotels, with each room able to enjoy 1G to the desk exclusively. It will be managed by the central network system to connect different networks without power supply.

- Single-trunk fiber can support 16 optical network units, each fiber to the apartment can reach a bandwidth of 16Gbps both ways. Fiber-to-the-Home (FTTH) makes the housing users enjoying a 1Gbps bandwidth, while fiber-to-the-curb (FTTC) makes 100Mbps.

- Housing users can use VDSL technology
to provide broadband to their home so as to realize the intelligent application of housing and living.

- Functional traffic surveillance is implemented inside the Financial District. Through mobile “internet of things” of high-bandwidth, large capacity and a variety of sensing devices, it responds to comprehensive road conditions. Through video surveillance equipment, it adjusts the traffic conditions and alleviates the traffic jams or notifies the adequate departments to deal with traffic problems.

- Through digital image access system, integral housing image communication and remote surveillance and self-control service system, the comprehensive surveillance network system will make relations among people becoming more intimate, the housing safer, and will create a high-quality life in the Financial District.

- With the ever expanding size of the Financial District, a growing population and an increased mobility, the high-density city surveillance network will keep the district safe.

- Network and communication platforms will support the operation of large video network.

HUMAN RESOURCE

TALENT CULTIVATION

In recent years, the financial industry of Tianjin has experienced a constantly healthy development; it has boosted the development of high-level international and inter-disciplinary financial talents. From 2005 to 2009, the number of employees in urban units working in the financial sector were 51,000, 52,000, 56,000, 62,000 and 66,000 respectively. The financial talents team is becoming stronger and stronger.

The grooming system of Tianjin financial talents is composed of academic education, accreditation training and company internal training. The Department of Finance of Nankai University was founded in 1920. Currently, it has Finance and Finance Engineering specialties. Finance is one of the national six key subjects approved by the State Council Academic Degrees Committee, it has bachelor’s, master’s and doctoral degree granting rights in Finance specialty. The Finance Department of Tianjin University of Finance and Economics has bachelor’s, master’s and doctoral degree granting rights. Finance is one of the top 10 key subjects of Tianjin. Moreover, Tianjin University, Tianjin Polytechnic University, Tianjin University of Commerce, Tianjin Vocational and Technical University and multiple colleges have set up a Finance Department or related specialties.

In September 2008, the Asian School of Business of Tianjin University of Finance and Economics, also called China Finance Research Center, Global MBA Research Center and China Foreign Exchange and Gold Research Center was established. In October 2008, the Research Center for Financial Cooperation in Northeast Asia was established in Nankai University. The Center gathers intelligence from China, Japan, South Korea and the USA, becoming an information-sharing platform for international organizations, governments, enterprises and colleges as well as an important platform for the financial cooperation of East and North Asia. In August 2009, the Tianjin Bank and Tianjin Rural Cooperative Bank set up a post-doctoral sub-station. In October 2009, Tianjin Training Institute of Finance began operation; it becomes the first training institute set up by the local financial organization to groom globally competitive financial elites blessed with entrepreneurship and global prospective.

TALENT INTRODUCTION

Besides the traditional employment of college graduates, Tianjin’s financial organizations positively broaden the channel by introducing domestic and international financial talents.

TALENTS INTRODUCTION SYSTEM

The regional government researches and formulates implementation details and supporting policies to introduce high-level financial talents, create good employment environment, encourage financial executives to take part in financial reform and innovation.

- Foreign high-level talents who play an important role in the improvement of the regional economy, science and technology development and social progress, or foreign businessmen who invest directly large sums and personnel who make remarkable contribution to the region or are specially needed by our nation are positively recommended to the Municipal Exit and Entry Administration for permanent residency status; foreign personnel who hold a post beyond vice-manager in an enterprise which invests more than USD 3 million and make a great contribution to the regional economy, science and technology development as well as social progress can get a 2-5 years’ business visit visa or residence permit; employees who live temporarily for 1 year or have a one-year employment relation (sign a one-year labor contract) with the registered company in the district can apply for a visa there via temporary residence permit or labor contract.

- Many measures have been taken in Binhai New Area to quicken the steps of cultivating, introducing and keeping financial talents. We offer special financial aid to enterprises which introduce high-level financial talents; we offer apartments with priority or housing allowance to the high-level financial talents; we offer preferential policies to their children for education and census register; we offer supports for internationalized financial talents training, business communication and professional certificate.
LIVELIHOOD AMENITIES

MEDICAL CARE
Yujiafu Financial District is located at the core of Binhai New Area, there is sound medical care support all around. The Financial District will allocate international hospital, large polyclinic, specialized hospital, community health service center and other multi-level health service system to provide comprehensive and high-quality medical security.

- TEDA International Cardiovascular Hospital
  Address: No. 61, Third Avenue, Tianjin Economic and Technologic Development Zone
  Reservation Phone: 86 22 65208888
  Emergency Phone: 86 22 65209999

- Tianjin TEDA Hospital
  Address: No. 65, Third Avenue, Tianjin Economic and Technologic Development Zone
  Tel: 86 22 65202000

- Nankai University Binhai College
  Address: Xuefu Road, Daoyang, Tianjin Binhai New Area
  Tel: 86 22 63200000

- Tianjin Campus of Tianjin Economic and Technologic Development Zone International School
  Address: Weihuan Road, Shuanggang, Tianjin Binhai New Area
  Tel: 86 22 26920001

- Binhai College of International Studies, Tianjin Foreign Studies University
  Address: Beihuan Road, Daoyang, Tianjin Binhai New Area
  Tel: 86 22 66200000

- Tianjin Binhai Vocational College
  Address: No. 1101, Lushan Avenue, Tanggu, Tianjin Binhai New Area
  Tel: 86 22 25215000

- Tianjin Campus of China Harbor Engineering Institute
  Address: Zhongxin Road, Tanggu, Tianjin Binhai New Area
  Tel: 86 22 66800137

EDUCATION
Binhai New Area, where Yujiafu Financial District is located, is the core of Bohai Sea economic circle. There is a rich talent reserve. In recent years, it has become a gathering place for top financial talents. There are about 50 universities in Tianjin with almost 400 thousand students in total. There are about 80 thousand graduates every year.

- TEDA College of Nankai University
  Address: 23 Hongda Street, Tianjin Economic and Technologic Development Zone
  Tel: 86 22 66229509

- TEDA International School
  Address: No. 72, Third Avenue, Tianjin Economic and Technologic Development Zone
  Tel: 86 22 66226188

COMMERCIAL
Yujiafu Financial District has sound commercial ancillary facilities, it is adjacent to the Binhai New Area. The Financial District will attract a large number of financial institutions, commercial companies, and high-end service providers to set up their headquarters, so that the district can provide financial services for the entire city and even the whole region.

- Pacific Department Store
  Address: No. 33, Third Avenue, Tianjin Economic and Technologic Development Zone
  Tel: 86 22 66200000

- Commercial Building Haimen Department Store
  Address: No. 507, Jiefang Road, Tanggu, Tianjin Binhai New Area
  Tel: 86 22 25308271

- Rainbow Store
  Address: No. 536, Jiefang Road, Tanggu, Tianjin Binhai New Area
  Tel: 86 22 25302525

- Tanggu Commercial Building
  Address: No. 507, Jiefang Road, Tanggu, Tianjin Binhai New Area
  Tel: 86 22 25308271

- Renaissance Tianjin TEDA Hotel
  Address: No. 20, Second Avenue, Tianjin Economic and Technologic Development Zone
  Tel: 86 22 66218888

HOTELS
There are numerous star-class hotels for sound business travel in the district.

- Tianjin Ruian Hotel
  Address: No. 2527, Xingang No.1 Road, Tanggu, Tianjin Binhai New Area
  Tel: 86 22 25770001

- Tianjin Binhai Holiday Inn
  Address: No. 86, First Avenue, Tianjin Economic and Technologic Development Zone
  Tel: 86 22 66283388
PERSONAL SERVICES

Binhai New Area Government will supply one-stop services ranging from project consulting, registration, planning and construction, production and operation, marketing to life supporting for enterprises and companies which settled in Yuliupu Financial District.

ADMINISTRATIVE SERVICES

One-stop service for procedures including business registration, tax registration, urban planning, environmental approval, project approval, land use permit, construction approval, etc. It is convenient for enterprises to settle down.

BUSINESS SERVICES

This service could satisfy enterprises’ services desire, including loan guarantees, tax incentives, qualification and special project approval, special permission approval, enterprise reform, property settlement, change of business, project financing, etc.

LEGAL SERVICES

We cooperate with Tianjin International Economic and Financial Arbitration Center to solve all kinds of controversies about deposits and loans, insurance, financing, rent, foreign currency exchange, gold trading, stock, bond, fund, trust investment, guarantee, trust management, asset acquisition, trust approval, etc. This could supply highly efficient arbitrary services.

INTERMEDIARY SERVICES

Besides all kinds of intermediary services about finance verification, financing guarantee, credit rating, exhibition planning, foreign exchange, cultural media, investment, merchants and capital introduction, and investment consulting, we also supply services for business registration, approval, finance checking, liquidation, finance and property verification, system reform, property evaluation, tax audit, asset restructuring, enterprise acquisition planning, equity transfer, etc.
PREFERENTIAL POLICIES

Developing modern service industry is the only way for Binhai New Area to promote industrial restructuring, transform economic growth model, and it is also a main task for speeding up Binhai New Area’s development and opening up. Every enterprise which settles in the Financial District will enjoy the following preferential policies:

FIRST: PREFERENTIAL POLICIES ABOUT ACCELERATING HEADQUARTERS’ ECONOMIC DEVELOPMENT

1. A one-off subsidy will be granted to companies setting up headquarters or regional headquarters in Yujipu. Specifically, companies with registered capital of 1 billion RMB or more will get a subsidy of 20 million RMB; companies with registered capital between 500 million and 1 billion RMB will get a subsidy of 15 million RMB; companies with registered capital between 100 million and 500 million RMB will get a subsidy of 10 million RMB.

2. The corporate headquarters or regional headquarters which have been registered in Tianjin, increasing capital after January 1, 2006 will be given a one-time capital grant. Among them, if the capital increase is more than 1 billion RMB, it will be subsidized RMB 10 million; if the capital increase is between 500 million and 1 billion RMB, the grant will be 5 million RMB; if the capital increase is between 100 million and 500 million RMB, it will be subsidized 2 million RMB.

3. The company headquarters and regional headquarters can get a one-off subsidy of 1000 RMB for every square meter for purchasing or building self-use offices. For those renting self-use offices, they could get a subsidy of 30% of the rent each year for 3 years. If the rent is higher than the guided price of the market, the subsidy will be counted based on the guided price.

4. Company headquarters or regional headquarters in Yujipu will enjoy a 100% refund of sales tax in the first two operating years and a 50% refund in the next three years. Starting from the first profit-making year, these headquarters could enjoy a 100% refund of the corporate income tax collected by the municipal tax authority for two years and a 50% refund for the next three years. The deed tax will be waved for newly purchased or newly built self-use offices and the housing tax will be waved for three years.

5. Foreign or overseas senior management employed by company headquarters or regional headquarters in Yujipu will be refunded 50% of the local share of their personal income tax for no more than five years.

SECOND: FISCAL AND TAX INCENTIVES FOR FINANCIAL SECTOR DEVELOPMENT PROMOTION

6. Financial enterprises newly installed in Tianjin will be given a one-time capital subsidy by the core business sector of the headquarters. Among them, the enterprises that are national or over national level scale will be granted 5 million RMB; as for regional-scale enterprises, the subsidy will be of 2 million RMB.

7. Financial service outsourcing agencies which set up in Tianjin will be given a one-time capital grant of 3% of the amount of the registered capital (or operation capital), the maximum grant amount being 5 million RMB. As for financial service outsourcing agencies which do not have independent legal status, if the actual investment is more than 200 million RMB, the subsidy will amount 5 million RMB; if the actual investment is less than 200 million RMB, but more than 100 million RMB, the subsidy will amount 3 million RMB; if the actual investment is less than 100 million RMB, the subsidy will amount 1 million RMB.

8. Financial enterprises in the financial district of Tianjin or the base of financial background operations can get a one-off subsidy of 1000 RMB for every square meter for purchasing or building self-use offices. For those renting self-use offices, they could get a subsidy of 30% of the rent each year for 3 years. If the rent is higher than the guided price of the market, the subsidy will be counted based on the guided price.

9. Before the end of 2010, financial firms providing loans to small and medium enterprises individuals and farmers in Tianjin, and expanding the scale of trust collection, for each additional 100 million RMB at the end of year, the municipal finance will assist 1.5 million RMB.

10. For financial enterprises with independent accounting newly established in Tianjin, from the opening year, the competent tax office will return the full sales tax during the first two years, half of the sales tax during latter three years; from the first profitable year, of the full corporate income tax refunded by the competent tax office during the first two years, part will be shared by the local, half of the corporate income tax, part will be shared by the local during latter three years. As to the newly acquired and constructed estate, the deed tax and property tax will be exempted for three years.
(11) Senior management refers to senior managers of financial institutions meeting the personnel qualification employed by financial enterprises for more than 2 contiguous years, buying for the first time real estate, cars or participating in professional training in the administrative area of Tianjin, will be compensated. Part of the personal income tax will be refunded by the local tax office. The maximum cumulative award amount is only for the amount actually paid for the purchase of commercial housing, automobile or the participation in professional training and the rewarding period is 5 years. Senior management employed by newly established financial companies, who do not buy real estate, cars or participate in professional training in the administrative area of Tianjin, will be compensated 50% of personal income tax, part of which is shared by the local office, according to the financial sector, the reward period is three years.

(12) Concerning ordinary life insurance, pension annuity insurance, specific types of health insurances offered by insurance companies. Those having been approved by the State Administration of Taxation and classified in the exemption list could be exempted from sales tax.

(13) SME credit guarantee institutions which set up between January 1, 2003 and December 31, 2005, and approved by competent industry and commerce departments of Tianjin, will enjoy a referential policy of sales tax exemption for three years from the day they obtain the credit guarantee business income from SME (excluding credit rating, consulting, training and other incomes); SME credit guarantee institutions which set up before January 1, 2003, those who enjoy exemption from sales tax for less than 3 years, can continue to be exempt from sales tax after the application, but the total tax-free period shall not exceed 3 years.

(14) The companies approved by the People’s Bank of China, MOFTEC (Ministry of Foreign Trade and Economic Cooperation) and SETC (State Economic and Trade Commission) to engage in financial leasing business, the sales tax will be calculated as follows: total amount and other charges (including residual) paid by lessee minus the actual cost of the lease.

(15) For business management and professional technical personnel awarded the honorary title and financial rewards by the Tianjin Municipal Government will see the amount of the rewards exempted from their personal income tax.

(16) Employees of financial enterprises paid once at the end of the year can have their income taxes independently. The tax rate will be calculated and deductions awarded according to the method of decomposing the amount in 12 months.

(17) If a financial enterprise’s housing fund scheme which under Chinese law has a company pay to its employees is less than 3 times the average monthly wage of workers in the previous year and the rate fixed by Tianjin Municipal Government, it can be deducted from the employees’ personal income tax. A financial enterprise’s workers’ housing fund that is less than 3 times of the average monthly wage of workers in the previous year and the rate fixed by Tianjin Municipal government will be exempted from personal income tax. One-time housing subsidy to the old employers who work before house-distribution and do not enjoy welfare housing treatment, given by financial enterprises, could be deducted averagely for more than three years (including three years), after approved by the tax authorities. The subsidy paid monthly by financial enterprises to those no-room employers and the new workers who work after the housing distribution stopping, can be pre-tax deducted.

(18) As for financial institutions’ increasing loans and other assessment indicators, calculated according to the scoring of completing indicators, end of the year bonus, 30 points for every additional month’s wage, with a maximum of 30 points. The bonus paid by way of financial allocation will be exempt of personal income tax.

(19) Financial enterprises’ employees awarded stock options will benefit from preferential policies when calculating personal income tax.

THIRD: TAX PREFERENTIAL POLICIES FOR TOURISM DEVELOPMENT PROMOTION

(20) Tourism project developing enterprises in the new thematic sections can enjoy tax preferential policies, in relation to the Haihe River comprehensive development and transformation.

(21) Large-scale theme park type tourism projects with an investment of more than 200 million RMB, city and county tax offices will return the total sales tax for the first and second years’ ticket sales, from the opening day.

(22) The enterprises invested and operated in the major tourist resort and the theme of cultural tourism, since the opening year, full corporate income tax will be refunded, part will be shared by the local office, during the first and the second year. Half of the corporate income tax will be refunded, partly shared by the local office, during the third year to the fifth year.
The chain tourism enterprises of which accounts are handled by their headquarters can pay their corporate income tax through the headquarters.

Advertising income generated by the city’s major tourism activities will be exempted from sales tax.

The transport vehicles, vessels and other transport equipment specifically used for the tourism business travel operations can adopt the method of accelerated depreciation and be allowed the income pre-tax deduction.

For tourism enterprises organizing tourists’ group travel in China, the tax revenue will be calculated as follows: the total of fees received from travelers minus the cost of housing, meals, transport, and tickets to other units, or the traveling fees paid to other group-receiving tourism business.

FORTH: PREFERENTIAL POLICIES FOR INTERMEDIARY SERVICES DEVELOPMENT PROMOTION

International and domestic well-known law firms, accounting firms, consulting firms, personnel and other professional services intermediaries which set up business in Tianjin can get a one-off subsidy of 1,000 RMB for the acquisition or construction of their own office space. For those renting self-use offices, they can get a subsidy of 10% of the rent each year for three years. If the rent is higher than the guided price of the market, the subsidy will be counted based on the guided price.

For international and domestic well-known law firms, accounting firms, consulting firms, personnel and other professional services intermediaries which newly set up in Tianjin, from the first year, the whole sales tax will be refunded by the competent tax office during the first two years, half will be refunded during the latter years; from the first profitable year, the total corporate income tax will be refunded by the competent tax office during the first two years, part is shared by the local office, half will be refunded, part of it shared by the local office during the latter two years.

For large financial leasing enterprises and money brokers with some operational scale, international factoring companies, and SME financial services companies and credit management companies and other enterprises which are newly established in Tianjin, from the first year, half of the sales tax will be refunded by the competent tax office for three years; from the first profitable year, half of the corporate income tax will be refunded by the competent tax office for three years, part of it shared by the local office.

Venture Capital (fund) newly established in Tianjin specializing in third-party logistics investment or investment in hi-tech industrialization, from the first profitable year, half of the corporate income tax will be refunded by the competent tax office for three years, partly shared by the local office.

For approved professional information services companies newly established in Tianjin, from the first year, the total sales tax will be refunded by the competent tax office during the first two years, half will be refunded during the next three years; from the first profitable year, the total corporate income tax will be refunded by the competent tax office during the first two years, half will be refunded during the next three years.

FIFTH: TAX INCENTIVES TO PROMOTE DEVELOPMENT OF THE LOGISTICS INDUSTRY

For large-scale distribution, purchase, package delivery logistics companies and futures exchange warehouses newly established in Binhai New Area, starting from the first year, the total sales tax will be refunded by the competent tax office for the first two years, half during the next three years; from the first profitable year, the total corporate income tax will be refunded by the competent tax office for the first two years, partly shared by the local office; half during the next three years, partly shared by the local office.

For large-scale warehousing logistics enterprises established in Binhai New Area, from the first year, the total sales tax will be refunded by the competent tax office for the first year, half for the next two years; from the first profitable year, the total corporate income tax will be refunded by the competent tax office for the first year, half for the next two years, partly shared by the local office.

For large-scale professional logistics services companies engaged in large-scale professional freight transport business and newly established in Binhai New Area, from the first year, half of the sales tax will be refunded by the competent tax office for the first three years; from the first profitable year, half of the corporate income tax will be refunded by the competent tax office, partly shared by the local office for three years.

Transport, storage facilities, special equipment, operated by large-scale professional transport enterprises, large-scale enterprise storage places newly established in Binhai New Area will be subsidized 20% of the interest of the fixed asset investment loan, the cumulative amount not exceeding 1 million RMB.
Transport equipment specially used in professional enterprises specialized in transport services in large-scale professional enterprises, newly established in Binhai New Area, can get the depreciation by accelerating depreciation, and allowed to be deducted at the income pre-tax.

For logistics companies who contract the transport, storage and other services to other companies, sales tax will be calculated on the balance between the total enterprise’s income minus the other projects’ costs.

In Tianjin airport, for newly added airlines and new routes confirmed by the airport, the payment of taxes retained portion as the subsidies of an airline flight operations will be refunded by the financial sector of the same level before 2013; routes training Fund is set up by the municipal government, which will give a subsidy of airlines working capital to the newly added airlines and the new flight route added by the airline company in Tianjin Airport during a certain years.

During five years from January 1, 2006 to the moment when expansion project was put into operation, Tianjin Airport’s retained local income, the part of which belongs to municipal finances, will be refunded by the municipal fiscal; the part of which belongs to county finances, will be refunded by the county fiscal.

As for the refunded taxes, including value added tax, business tax, enterprise income tax, the city maintenance and construction tax, property tax, stamp duty, urban land use tax, vehicle and vessel usage and license tax, farmland use tax and deed tax.

SIXTH: TAX INCENTIVES ABOUT PROMOTING SERVICE INFRASTRUCTURE

When investing in major exhibition or other major infrastructure projects, during the investment payback period, the total sales tax will be refunded; from the first profitable year, the total income tax will be refunded, partly shared by the local office from the first year to the fifth year, half from the sixth year to the tenth year.

For independently accounted underground or multi-floor public car parks, newly established in the municipality, the attached independently accounted underground or multi-floor public car parks newly established in commercial buildings (excluding hotels, restaurants, ancillary own parking near residential quarters and other ancillary open-air car parks along roadides in open spaces), from the opening year, the property tax will be exempted during the first three years.

The enterprises’ basic facilities invested in the Haihe River development and reform area (including roads, bridges, squares, docks, parking lots, large public buildings and other public buildings with more than 30,000 square meters ), will be given the following tax preferential policies:

1. The following types of income coming from the Haihe River transformation and development project, since January 1, 2003, after approval by the competent tax office, can be refunded sales and corporate income taxes, the local office sharing partial benefit:
   (1) Income from transference, auction of land use rights (including land buildings, etc.)
   (2) Income from the naming rights to roads, bridges, public buildings, etc.
   (3) Income from advertising taking signs, neon signs, light boxes as carriers, or the business right transference

2. The contract of land transference signed by the above companies, the financing bond contracts, bank loan contract contracted for capital collecting, can be exempted from stamp tax.

3. The land, property in the controlling area of the Haihe river development and reform project, acquired by the above companies, will be exempted from deed tax which should be paid in the process of property ownership transferring.

SEVENTH: FISCAL TAX PREFERENTIAL POLICIES FOR THE DEVELOPMENT OF SERVICE OUTSOURCING

The service outsourcing enterprises set up in Tianjin Binhai New Area, and approved as high-tech enterprises by the municipal science and technology department, will pay a 15% corporate income tax.

The service outsourcing enterprises set up in Tianjin’s new technology and science Industry Park, and approved as high-tech enterprises by the municipal science and technology department, will pay a 15% corporate income tax.

Newly established domestic enterprises engaged in application software develop
ment outsourcing, could be operated, with consulting the rules about “The newly established independent accounting enterprises or business units which engaged in consulting, information, and technical services, since the opening date, can be exempted from corporate income tax during the first year to the second year.” Circular on Several Preferential Policies for Enterprise Income Tax (C.S.Zi. [1994] No. 1) of Ministry of Finance and State Administration of Taxation.

(48) The headquarters or regional headquarters of service outsourcing enterprises newly established in Tianjin, from the opening year, will be refunded the total sales tax by the competent tax office for the first two years, half during the next three years; from the first profitable year, will be refunded the total corporate income tax by the competent tax office for the first two years, half during the next three years.

(49) Enterprises approved to specialize in information services newly set up in Tianjin, from the opening year, will be refunded the total sales tax by the competent tax office for the first three years, half during the next three years; from the first profitable year, will be refunded the total corporate income tax by the competent tax office for the first three years, half during the next three years.

(50) Newly established training institutions specializing in service outsourcing professional technology training in Tianjin, from the opening year, will be refunded half of the sales tax by the competent tax office for three years; from the first profitable year, half of the corporate income tax will be refunded, part shared by the local office, for three years.

(51) Overseas senior management personnel employed by outsourcing corporate headquarters or regional headquarters in Tianjin, will be given a one-off subsidy, if the registered capital is more than 1 billion RMB, the subsidy will amount 20 million RMB; if the registered capital is less than 1 billion RMB, but more than 500 million RMB, the subsidy will be 15 million RMB; if the registered capital is less than 500 million RMB, but more than 100 million RMB, the subsidy will be 10 million RMB.

(52) Shared by the local office, for a period not exceeding 5 years.

(53) Service outsourcing corporate headquarters or regional headquarters newly established in Tianjin purchasing or building self-use offices can get a one-off subsidy of 1,000 RMB per square meter. For those renting self-use offices, the subsidy will be 30% of the rent each year for three years. If the rent is higher than the guided price of the market, the subsidy will be counted based on the guided price.

(54) Newly established well-known international or domestic service outsourcing talent agencies can get a one-off subsidy of 10% of the annual rent based on 1,000 RMB per square meter. For those renting self-use offices, the subsidy will be 10% of the rent each year for three years. If the rent is higher than the guided price of the market, the subsidy will be counted based on the guided price.

(55) Enterprises specialized in undertaking offshore outsourcing services, establishing headquarters or regional headquarters in Tianjin, will be given a one-off subsidy, if the registered capital is more than 1 billion RMB, the subsidy will amount 20 million RMB; if the registered capital is less than 1 billion RMB, but more than 500 million RMB, the subsidy will be 15 million RMB; if the registered capital is less than 500 million RMB, but more than 100 million RMB, the subsidy will be 10 million RMB.

(56) Newly established financial services outsourcing businesses, will be given a one-off subsidy, amounting to 3% of the registered capital (or operating capital), with a maximum amount of 5 million RMB. As for financial outsourcing service companies which do not have independent legal status, if the actual investment is more than 200 million RMB, they will get a subsidy of 5 million RMB; if the actual investment is less than 100 million RMB, but more than 50 million RMB, the subsidy will be of 1 million RMB.

(57) Fixed assets (excluding houses, buildings) of service outsourcing enterprises in Binhai New Area, based on the existing depreciation period, can shorten the depreciation period according to no more than a rate of 40%.

(58) Intangible assets granted or invested by service outsourcing enterprises in Binhai New Area, can be amortized at a rate lower than 40%, based on the existing amortization period. But the intangible assets which have an amortization period specified by agreement and contract, should be amortized according to the year.
limit specified by an agreement or contract.
(59) The technical cost of researching and developing new products, new technologies and new processes with independent intellectual property rights, can be deducted before taxation according to regulations. The above enterprises' actual costs of new product design, process planning development, equipment adjustment costs, the trial fees of raw materials and semi-finished products, informational fee of technological books, and intermediate laboratory fees not included in the national plans, salaries of employees in research institutions, depreciation of equipment for research and development, research and trial costs commissioned to other units and individuals, and other costs directly related to new products trial and technology research, based on regulated 100% deduction, are allowed to deduct 50% of the actual value in the past year before the corporate income taxing.

(60) Apparatus and equipment used in research and development for service outsourcing enterprises, with a unit value inferior to 300,000 RMB can have their cost accounted at once or over several times, and can be deducted before the corporate income taxing. Among them, those reaching the standard of fixed assets, should be managed separately, not extracting depreciation; if their unit value is superior to 300,000 RMB, enterprises are allowed to use the double declining balance or annual summing method to accelerate depreciation. The service outsourcing enterprises with foreign investment is in purchasing software, if the acquisition costs reach the standard of fixed assets or constitute intangible assets, its depreciation or amortization period can be properly reduced, the minimum is two years.

(61) Eligible service outsourcing enterprises' income derived from technology transference and the relevant technical advice in the process of technology transference, technical services and technical training, whose annual net income is less than 300,000 RMB, will be exempted from corporate income tax.

(62) For employee training expenses extracted and actually used by service outsourcing enterprises in the past year, if the total amount does not exceed 2.5% of taxable wages, it can be deducted at pre-tax of the corporate income.

During operation process, when the enterprise can enjoy two or more preferential policies simultaneously, it can enjoy the better one, but can not enjoy them together.

EIGHTH: TAX INCENTIVES FOR PROMOTING THE DEVELOPMENT OF PRODUCIVE SERVICES ENTERPRISES

(63) The productive services enterprises newly established by industrial enterprises can enjoy fiscal tax policies for a large services business in Binhai New Area.

(64) The productive services enterprises established by industrial enterprises through stripping internal services function, for the three years following stripping, will be subsidized 1% of the actual added value to expand the scale of company's production and operation.

(65) For industrial enterprises constructing productive service enterprises by stripping industrial land, without changing the nature of land use, approved by the Industry changing authority, can still use the stripping land with the way of transferring, and are exempt of land property deed tax.

NEWLY ESTABLISHED INDEPENDENT ACCOUNTING ENTERPRISES OR BUSINESS UNITS ENGAGED IN CONSULTING BUSINESS (INCLUDING TECHNOLOGICAL, LEGAL, ACCOUNTING, AUDITING, TAX CONSULTING, ETC.), INFORMATION, AND TECHNICAL SERVICES, FROM THE OPENING DAY, CAN BE EXEMPTED FROM CORPORATE INCOME TAX FROM THE FIRST YEAR TO THE SECOND.

NEWLY ESTABLISHED INDEPENDENT ACCOUNTING ENTERPRISES OR BUSINESS UNITS ENGAGED IN TRANSPORT, POSTS AND TELECOMMUNICATIONS, FROM THE OPENING DAY, CAN BE EXEMPTED FROM CORPORATE INCOME TAX DURING THE FIRST YEAR, HALF DURING THE SECOND YEAR.

NEWLY ESTABLISHED INDEPENDENT ACCOUNTING ENTERPRISES OR BUSINESS UNITS ENGAGED IN PUBLIC UTILITIES, COMMERCE, MATERIALS INDUSTRY, FOREIGN TRADE, TOURISM, WAREHOUSING, RESIDENT SERVICES, CATERING, EDUCATION AND CULTURE, HEALTH CARE, FROM THE OPENING DAY, CAN ENJOY A REDUCED OR EXEMPTED CORPORATE INCOME TAX FOR ONE YEAR, AFTER APPROVAL BY TAX AUTHORITIES.

COMMERCIAL AND TRADING ENTERPRISES, SERVICE ENTERPRISES (EXCEPT ADVERTISING, REAL ESTATE AGENTS, MORTGAGE, SAUNA, MASSAGE, OXYGEN BAR), PROCESSING ENTERPRISES IN EMPLOYMENT SERVICE ENTERPRISES AND SMALL BUSINESS ENTITIES WITH A NATURE OF PROCESSING IN NEIGHBORHOODS AND COMMUNITIES, IN THE ADDITIONAL JOBS, THE NEWLY EMPLOYED WORKERS HOLDING RE-EMPLOYMENT BENEFITS CARD, WITH WHO SIGNED LABOR CONTRACT WITHIN MORE THAN ONE YEAR AND HAND SOCIAL SECURITY FEE LAWFULLY, ACCORDING TO THE AMOUNT OF

NINTH: TAX INCENTIVES ABOUT OTHER INSTITUTIONS INVOLVED IN SERVICE-ORIENTED BUSINESS
actual employed workers to formulate a fixed standard, can deduct sales tax, urban maintenance and construction tax, education surtax and corporate income tax benefits in turn. The fixed standard is 4,000 RMB per person per year, can be plus or minus 20% (Note: Tianjin is RMB 4,800).

The tax deductions calculated according to the above standards, should be deducted from the actual sales tax, city maintenance and construction tax, education surtax and corporate income tax should be paid. If the previous year’s deduction is not enough, it shouldn’t be re-conducted the following year.

The enterprises having been approved to enjoy tax exemption and reducing policy of re-employment before the end of 2005, during the remaining period, still can enjoy the former policy until the expiration time. (70) The economic entities (engaged in business of financial insurance, telecommunications, entertainment) and the sale of real property, transference of land use rights, advertising, industry, sauna, massage, oxygen bar in service-oriented enterprises (except enterprises engaged in engineering general contractor and construction) set up by large and medium-sized state-owned enterprises for placing this company’s surplus workers, which meet the following criteria, determined by the relevant authorities, approved tax authorities, can be exempted from enterprise income tax during 3 years.

1. Using the original non-main business assets, idle assets or the effective assets of shut-down, bankrupt enterprises;
2. Independent accounting, property rights clearing and the property rights diversification gradually realized;
3. Absorbing surplus staff of the original enterprises, the number of which is more than 30% (including 30%) of this company’s employees, the construction enterprises which not engaged in general contracting of construction, the amount of absorbing surplus staff of the original enterprise is more than 70% (including 70%) of this company’s employees.
4. The new labor contract changed or signed with the staff of placement.

(71) As for the business engaged by self-employed people who is in the Re-employment Referential Certificate (except for construction, entertainment and real estate sales, transference of land use rights, advertising, housing agents, sauna, massage, Internet café, oxygen bar), taking RMB 8,000 a year per household as the limit to reduce actual should be paid business tax in turn, urban maintenance construction tax, surcharge for education and individual income tax. The tax should be paid by taxpayers annually, if it is less than the above limited reducing tax amount, the limit should be its actual should be paid tax; if it is more than the above limited reducing tax amount, the limit should be the above limited reducing tax amount.

The exemption and tax reduction preferential policies enjoyed by self-employed people, who were approved before the end of 2005, will be replaced by the above policies as of January 1, 2006.

(72) Newly established service enterprises, approved as being labor and employment service enterprises, which arrange placement for unemployed people (including unemployed youth, surplus workers of state-owned enterprises when transforming their operating mechanism, surplus workers of agencies and institutions when streamlining their employees, and people coming from rural background). If the number of unemployed people is more than 60% of its total workforce, the company can be exempted of corporate income tax for three years. After the tax exemption period, if the number of unemployed people is more than 30% of its workforce, the company will be exempted half of the corporate income tax for two years, after approval by tax authorities.

(73) The rental income of the Social Security Housing Administration center and agent fees obtained from Low-rent Housing Management Center, can be temporarily exempted of sales tax.

The rental income of the Social Security Housing Administration center and agent fees obtained from Low-rent Housing Management Center should be imposed corporate income tax, according to certain specifications. Among them, the part which belongs to local retaining should be refunded by the tax office.

Rental income from leasing public low-rent housing by the Social Security Housing Administration center can be temporarily exempted from property tax.

Low-rent housing leased by the Social Housing Security Administration and low-rent housing raised by the management center of low-rent housing, can be exempted from the stamp when signing a contract with the tenant.

(74) The host organizing committee getting advertising revenue from International, national exhibition, arts, sports hosted by the Tianjin government, can be exempted from sales tax; as for the real estate devoted to the above activities, if the enterprises have problems paying estate taxes, they may be reduced after approval by tax authorities.
TIANJIN INNOVATIVE FINANCE INVESTMENT CO., LTD. (TIFI)

Tianjin New Financial Investment Co., Ltd. is the urban operator of Yujiaju Financial District. It is responsible for the overall planning, development, investment and operation management.

Approved by the municipal government, the company was founded in September 2008. It is funded by Central Business District of Tianjin Binhai New Area Investment Group Co., Ltd, the Tianjin Financial Investment Management Centre, Tianjin Urban Infrastructure Construction Investment Group Co., Ltd and the Tianjin Haihe River Development Co., Ltd. The registered capital of the company is 6 billion RMB, the total assets are 23.6 billion RMB. The company insists on scientific management and legal operation, therefore, it will grow up to be a company with perfect management, clear major business, rich capital and sustainable development.

DEVELOPMENT AND COOPERATION PATTERN

As for the construction situation, owners can choose self-construction or be constructed by TIFI. TIFI is the urban operator in Yujiaju Financial District. It is responsible for the integral planning, development, attract investment and operation management. Currently, Yujiaju Financial District has signed cooperative agreement with financial organizations in America, Europe, Japan and Australia. Thanks to the constant enlargement of its influence, we have the confidence that more and more national and international financial organizations will be drawn to Yujiaju Financial District.
HIGHLIGHTS OF YUJIAPU PLANNING

FINANCIAL INDUSTRY AT THE CORE
MULTIPLE TYPES OF INDUSTRIES
Yujiaju Financial District is planned to be
120 units. Five industrial areas that cater for
exhibitions and conventions, modern
finance, traditional finance, education and
training, commerce and commercial real
estate will co-exist in the area. With a
pleasant water-front landscape as the
backdrop, luxury shops, catering outlets,
bars, tours and night lighting will create a
24-hour dynamic financial area.

THREE-DIMENSIONAL FRAMEWORK
MULTIFUNCTIONAL
Yujiaju Financial District is functionally
advantageous, characterized by high-quality
public region, efficient public transport and
high-end cultural ecological environment. It
plans modern streets and corridors, dense road
network which contains urban main roads,
secondary main roads, and pedestrian
streets. There is no limitation among buildings;
the underground commercial street and the
subway stations are connected. This provides a
cultural business environment for the
financial district. The planning development is
characterized by three-dimensional structure
and guided by complex function. It has
north-south and east-west direction underground
traffic system. The third and second floor
underground is for equipments and public
parking. The first floor is commercial town
and the first and second floor of the annex
on the ground as well as the first floor
underground consists of a three-dimensional
space. The third and fourth floor of the
annex is convention center and trading hall.
All these meet the needs of the development
of the financial district.

GREEN & ENERGY CONSERVATION
LIVING ENVIRONMENT
Yujiaju Financial District has a concept of
green building and low-carbon city. We
have consulting firms optimizing the green
building plan for the first-stage to ensure
the realization of green building target.
With the target of forging a green ecological
region, we set the low-carbon economic
development as a core and load with green
building design. Meanwhile, we attach
great importance to increasing energy
efficiency, fossil reduction and energy
consumption as well as renewable sources
usa. Supported by the combination of good
urban environment planning and green
architecture design, we provide healthy,
comfortable, efficient living and official
environment to realize the low-carbon emission
even no emission in part of the region.

NATURAL ADVANTAGES BEAUTIFUL ENVIRONMENT
Yujiaju Financial district is surrounded by the river
on 3 sides. It is a natural peninsula with beautiful
scenery. The planning green area covers more
than one million square meters, including scenery
sites along the river, the central avenue, urban
road sites and numbers of parks which cover more
than 20,000 square meters. 4 marinas, several
water platforms and leisure entertainment areas
are set in the landscape area along the river.
Considering Yujiaju is the birthplace of China’s
modern industry, the Tanggu South Station, Haihe
port and other historical relics are retained
combining with the landscape design plan, so as
to create a historically commemorative cultural
landscape.

MANSIONS AND VILLAS TOP-LEVEL SUPPORTING FACILITIES
The living district designed around the Yujiaju
Financial District will provide sound living
ancillary facilities for the financial executives and
the employees.

INTERNATIONAL TEAM WHOLE-HEARTED SUPPORT
SOM (USA) is responsible for the urban design and
skyscraper design; Nikken Sekkei (Japan) makes the
design of the underground space and pipelines;
America’s EDAW (USA) makes the regional
landscape concept design; MVA (Hong Kong)
company is responsible for the regional traffic
planning and slow-walking traffic system design.
In addition, we employ international planning and
design master to consist of single-architecture
design group so as to ensure a classic and modern
building design and a harmonious architectural
style. Under the full cooperation of these top
design teams, a world-class financial district is
emerging.
SUB-AREA CONSTRUCTION

OVERALL PLANNING: SUB-AREA CONSTRUCTION

It is a four-stage plan of the development of Yujiafu Financial District. We are planning to complete the development and construction of 12 buildings in 3 years and the development and construction of 35 buildings per square kilometer in 5 years.

PHASE 1 CONSTRUCTION

The first stage of the Yujiafu Financial District has 35 units with a total area of land using 1,01 million square meters. The gross floor area is 3.04 million square meters. 12 buildings of the “9+3” plot of the first-stage started to construct on December 2009. The rest 23 plots are to be constructed in the future. It is planned to start the construction before the end of 2010.

“9+3” PROJECT

The Phase 1 of “9+3” plots contain 9 office building, one five-star hotel, one financial conference center, one administration service center and 3 supporting buildings. The gross floor area of the 12 units is 1,76 million square meters with a height from 138 to 244 meters. Each unit shares almost the same vertical function arrangement. TFI will make great efforts to make “9+3” project of the first-stage reaches more than plus or minus zero in 2010 and complete the construction of the first-stage in 2013.

FOLLOW-UP DEVELOPMENT PLAN

It is a four-stage plan of the development of Yujiafu Financial District. We are planning to complete the development and construction of 12 buildings whose gross floor area is 900,000 square meters of the first-stage in 3 years; we plan to complete the development and construction of 35 buildings per square kilometer within 5 years, the gross floor area is 320 million square meters including the inter-city station, the convention center, the financial office building, Binhe Park, etc. It is planned to take almost 10 years to complete the regional basic construction.
03-04 UNIT
The five-star convention hotel project is located in the 03-04 unit, next to the hotel. The gross floor area is about 106,000 square meters and the height is about 65 meters. It gathers excellence halls, grand ballrooms, grand reporting rooms and multiple public service space with the internally regional service function such as hotels and service apartments.

03-06 UNIT
A five-star hotel project is located in the 03-06 unit. Its gross floor area is about 120,000 square meters and the height is 211 meters. The tower part of the building is a five-star hotel in Yuli area with the largest scale and the most complete service. The podium area is supporting commercial function. This building and design of the project is done by American SOM Company.

03-08 UNIT
The administration service center is located in the 03-08 unit. It is almost 100 meters high and the gross floor area is 210,000 square meters. It is the highest building with the largest scale in the 3rd phase of the first stage. The main function of the project is for the regional administration service center of Yuli District.

03-14 UNIT
It is planned to build a financial office tower building and a multifunctional building on this plot. With 3 floors underground and 31 floors on the ground, the main building is an office-based and also for commercial use. The main building is 140 meters high and the auxiliary building is 94 meters high, the gross floor area is 110,000 square meters. The basement is 3 floors in total with the available parking capacity of 475 vehicles. The main building is financial office building. The multifunctional building has large hall, office building, dining hall, kitchen, bank and other commercial rooms.

03-15 UNIT
It is planned to build a financial office tower and a multifunctional building supporting the tower in this plot. With 3 floors underground and 45 floors on the ground, the high-rise building is office-based and also for commercial use. The main building is 250 meters high and the gross floor area is 100,000 square meters. The available parking capacity is 451 vehicles. There is a 32-floor high hall between main building and the multifunctional building. Therefore, it forms a sunshine-sharing hall to lead the sunshine to the basement.

03-16 UNIT
It is planned to build an office building and two auxiliary buildings. With 3 floors underground and 54 floors on the ground, this super high-rise building is office-based and also for commercial use. The main building is 260 meters high and the gross floor area is 220,000 square meters. Inside the main building, there are banking business hall, service layer, exhibition room, refuge floor, and office floor.

03-18 UNIT
03-18 unit is on the Nanshi River. It is planned to build a financial office building and an auxiliary building. With 3 floors underground and 26 floors on the ground, the main building is office-based and also for commercial use. The top two floors of the main building is 123 meters high; the overall height is 150 meters. The auxiliary building is 29 meters high and the gross floor area is 120,095 square meters. There is a six-floor high hall between the main building and the multifunctional building. The underground garage has an available parking capacity of 459 vehicles.

03-21 UNIT
With 3 floors underground and 14 floors on the ground, the main building is 150 meters high and the gross floor area is 120,000 square meters. The first and second floors are for commercial use and the third floor is a trading hall. The unallocated part of the unit is southwest of a railway route to the east and adjacent to the east west railway route in the south.
03-22 UNIT
With 3 floors underground and 23 floors on the ground, this high rise building is office-based and also for commercial use. The main building is 355 meters high and the gross floor area is 286,000 square meters. The first floor of the main building is a grand multi-storey commercial building; the second floor is office hall and some auxiliary facilities. The first floor of the 4-floor high court yard is the Commercial Hall; corridors of the second floor and the third floor connect the main building and the auxiliary building.

03-20 UNIT
This unit is planned to build a financial office tower building and a supporting multi-functional building. With 3 floors underground and 32 floors on the ground, this high rise building is office-based and also for commercial use. The main building is 416 meters high and the auxiliary buildings 250 meters, partly 36 meters. The gross floor area is 110,000 square meters. The main building is a financial office building, the multi-functional auxiliary building is a 4-floor with commercial, finance, hotel, training and business areas, partly six floors.

03-25 UNIT
The whole project consists of the south high-rise main building and auxiliary buildings. With 3 floors underground and 3 floors on the ground, this high rise building is office-based and also for commercial use. The building is 544 meters high, perfect in the east and west and front yard is 4-floor with the height of 31 meters. The office building in the north is 8-story over ground and the height is 88 meters.

03-26 UNIT
The whole project consists of a main office building and an auxiliary building. With 3 underground floors and 34 floors, the gross floor area of the main building is 177 meters high and the gross floor area is 176,000 square meters. The south high rise building is office-based and also for commercial use. The main building is 177 meters high and the gross floor area is 176,000 square meters. There are 18 floors underground with a total parking capacity of 730 vehicles.