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China Zhejiang Province, Hangzhou City

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Hangzhou – Capital City of Zhejiang Province

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Zhejiang Province



General Economic Review

Zhejiang province is situated along the southeast coast of China. It has been called “the land of fish and rice, the house of silk and tea, the capital of cultural heritage, and the paradise of tourists.” The total population is 51.8 million. There are 11 cities and 89 districts in Zhejiang Province,

In 2009, the aggregate turnover of 4232 commodity markets hits USD 171 billion, leading in the country for 19 consecutive years, each of the 18 markets yield over RMB 10 billion. The turnover of the wholesale markets, e.g., Yiwu China

Commodity City, Shaoxing China Textile City, Yongkang Hardware City, Shengzhou Ties Market, and Haining Leather City are the first in respective sectors.

The Main industries in Zhejiang Province are light textile, machinery, IT, Chemical industry, Medical industry and building material industry. Textile industry is one of Zhejiang’s pillar industries, which economic aggregate, export volume and total profit is the leading in China. Machinery industry is the leading industry of Zhejiang province. in 2009 and the total IT industry was USD 59.2 billion.

Economic Indicators of 2009	Value	Growth (y-o-y)
GDP	509.87 billion RMB (\$76.98bn)	10%
Per Capita GDP	74924RMB(\$10968)	9.1%
Added Value Output		
- Primary industry	19.03 billion RMB(\$2.87bn)	3.2%
- Secondary industry	243.49 billion RMB(\$36.76bn)	6.8%
- Tertiary industry	247.35 billion RMB(\$37.35bn)	13.9%
Value-added Industrial Output	179.2 billion RMB(\$27.06bn)	6.1%
Fixed-assets Investment	229.17 billion RMB(\$34.6bn)	15.7%
Retail Sales	108.5 billion RMB(\$16.38bn)	15.8%
Inflation (CPI)	98.6 (2008 = 100)	-1.4%
Total Foreign Trade	\$40.42bn	-15.9%
Exports	\$27.18bn	-19.1%
Imports	\$13.24bn	-8.4%
Utilized Foreign Direct Investment	\$4.01bn	21.2%
Overseas Investment	\$186million	

Free Trade Zone

After the opening of Ningbo Port in 1978, Zhejiang province started its foreign trades and businesses. Through the improvement of foreign trade, increasing national development areas, and industry restructure, foreign trade and investment growth rapidly and become the main contribution to the local economy. From 1978 to 2008, the average growth rate of foreign trade of Zhejiang Province was

31%, by comparing with the average growth of GDP in Zhejiang Province was 13.2%. The foreign trade accounted 68.2% of the local economy.

Due to the rapid trade and economical development of Ningbo Port government decided to open Ningbo Free Trade Zone (FTZ) in the region in 1984. Ningbo FTZ is one of the 15 FTZ authorized by the State Council of China and is the only FTZ in Zhejiang Province. Ningbo FTZ has been

implementing the strategy; "To prosper the area with industries, and to strengthen the area with science and technology", thus, advanced manufacturing industry and modern service industry has been developed in Ningbo FTZ. At present, 3 functional industries including international trade, advanced manufacturing, warehousing and logistics has been developed in well coordination. NFTZ has become the manufacturing base for advanced production, international trade path, and center of modern logistics of Ningbo City and Zhejiang Province.

Preferential Policies at Ningbo FTZ

Economy and Trade Enterprises inside Ningbo FTZ enjoy a wide range of business scopes unless otherwise regulated by the State. Medium and giant scale enterprises are encouraged to do all-round and comprehensive business of processing, trading and commercial services.

Projects of the investment capital with no more than USD30 million are examined and approved by the administrative committee.

Custom: NFTZ exercises the system; "inside the boundary, outside the customs", and has integrated the operation between Port and Ningbo FTZ. Foreign goods can get into Ningbo FTZ freely (without going through customs clearance, paying tariff, presenting import and export certificate only with the customs registration through Electronic Data Interchange (EDI). Ningbo FTZ Customs has direct customs clearance operations with 4 international

airports. As for the overseas scholars' high-tech projects, the Administrative Committee provides special project subsidy, loan interest subsidy for R&D and manufacturing projects, rental fee subsidy and other incentives.

Foreign Exchange: In Ningbo FTZ, foreign exchange bank account is allowed; foreign exchange can be kept for company's cash flow; no foreign exchange verification and cancellation formalities needed for Import & export trade. Foreign exchange under trade items can be transferred overseas as required from operation. Annual post-tax profit can be transferred freely out of China, among which RMB can be exchanged into foreign exchange and transferred outside the country. The amount of domestic sales volume can be used to buy foreign currency after approval.

Income Tax: Tax rate for foreign-funded manufacturing enterprises is 15%. As for enterprises operating for more than 10 years, income tax will be, since the first profitable year, exempted for the first 2 years and refunded 50% for the next 3 years.

Corporate Income Tax of processing trade: Tax rate for foreign funded manufacturing companies is 15%. As for enterprises with operation period exceeding 10 years, starting from the first profit-making year, 100% tax remittal for the first 2 years and 50% tax relief for the subsequent 3 years . After the tax holidays, hi-tech and export-oriented enterprises can continue to enjoy the related tax rebate.

Taxes are exempted for machines and equipment needed to build infrastructure facilities for productive in the area, building materials needed to construct production plants and storage facilities and reasonable amount of office equipment and stationery used by the inside enterprises and administrative bodies.

Raw materials, parts, components, packaging materials, and other consumptive materials for the processing of products used by the inside enterprises are tax bonded.

VAT: Export products can claim VAT refund, sales to enterprises in the zone is exempted from VAT.

Financial Subsidy: Manufacturing enterprises can get project subsidy according to the elements of projects investment amount, advanced technology etc. Regulating tax for the direction of fixed assets investment is exempted.

Refunded VAT for exporter: VAT can be refunded for export products that are made of Chinese materials or made by Chinese equipment and most fees have been cancelled; the government will subsidize the cost of water & power capacities enlargement for projects to some proportion.

Infrastructure

Airways: Zhejiang has seven airports located respectively in Hangzhou, Ningbo, Wenzhou, Zhoushan, Yiwu, Taizhou and Quzhou. Among them, the handling capacity of passengers and freight of Hangzhou Xiaoshan International Airport

ranks the 8th in China. **Highways:** The total length of the highways is over 90,000 kms and the density of the highway network is 93.6 kms per 100 square kilometers. A "Four-Hour Highway Ring" has been constructed to connect the provincial capital Hangzhou with other cities on the land.

Railways: Zhejiang railway transportations network has been formed with lines of Shanghai-Hangzhou, Zhejiang-Jiangxi, Anhui-Hangzhou, etc., whereas Hangzhou, the capital, is the hub.

Water Traffic: There are seven major coastal and river ports located in Ningbo, Zhoushan, Wenzhou, Taizhou, Jiaxing, etc. The Ningbo-Zhoushan Port is a large comprehensive harbor with a handling capacity of 100 million tons. It is open to over 600 ports in over 100 countries and regions. Its annual goods throughput has exceeded 400 million tons, ranking the 2nd in China and the 4th in the world.

Development Zones

Aside from Ningbo FTZ Zhejiang Province has several important Development Zones. One of them is the Ningbo Economic and Technological Development Zone.

Ningbo Economic & Technical Development Zone, known as the NETD, was founded with the approval of China's State Council in October of 1984, covering an area of 29.6 square kilometers. NETD is among China's earliest and largest national development zones.

NETD is dedicated to optimizing its investment environment and is awarded

ISO14001 in 2002. Meanwhile, the administrative committee of NETD is also awarded ISO9001 certificate. By the end of Jun. 2009, the zone had approved more than 1416 foreign-funded enterprises involving US\$23 billion in total investment and US\$ 11.8 billion in contracted capital among which over 380 are large-sized projects each with total investment over US\$ 10 million. NETD has already become the strategic focus of opening-up and new economic growth both in Ningbo and Zhejiang Province.

There are six advantageous industries in the zone: Plastic molding industry, textile & garment industry, foundry industry, stationery industry, cereal & oil and foodstuffs processing industry, port logistics industry.

Foreign Direct Investment (FDI) in Zhejiang Province

There were 45,773 approved foreign-funded enterprises with a total investment of USD 282.5 billion, including contract value of USD 152.3 billion, and actual FDI of USD 76 billion. 89 of the Top Fortune 500 have invested among 233 enterprises. Regions along Shanghai-Hangzhou-Ningbo expressway and economic development zones are hotspots for foreign investor.

The top FDI countries and regions are: HK (\$5,797.17), VIRGIN IS. (\$1,020.13), US (\$386.43), Japan (\$383.95), and Singapore (\$321.26).

FDI Policy

(1)Enterprise Income Tax

The income tax on enterprises with foreign investment established in Special Economic Zones, on foreign enterprises which have establishments or places in Special Economic Zones engaged in production or business operations, and on production-oriented enterprises with foreign investment in Economic and Technological Development Zones, shall be levied at the reduced rate of fifteen percent.

The income tax on production-oriented enterprises with foreign investment established in coastal economic open zones or in the old urban districts of cities where the Special Economic Zones or the Economic and Technological Development Zones are located, shall be levied at the reduced rate of twenty-four percent.

The income tax on enterprises with foreign investment engaged in energy resource, transportation, port, and dock projects may be levied at the reduced rate of fifteen percent with the approval of the State Administration of Taxation.

Production-oriented enterprises with foreign investment scheduled to operate for a period of not less than ten years shall, from the year beginning to make profit, be exempted from income tax in the first and second years and allowed a fifty percent reduction in the third to fifth year. However, the exemption from or reduction of income tax on enterprises with foreign investment engaged in the exploitation of resources such as petroleum, natural gas, rare

metals, and precious metals shall be regulated separately by the State Council.

Chinese-foreign equity joint ventures engaged in port and dock construction where the period of operation is 15 years or more shall, following application by the enterprise and approval thereof by the tax authorities of provinces, autonomous regions, or municipalities directly under the Central Government of the location and commencing with the first profit-making year, be exempt from enterprise income tax from the first year to the fifth year and subject to enterprise income tax at a rate reduced by one half for the sixth year through the tenth year.

Enterprises with foreign investment engaged in agriculture, forestry or animal husbandry and enterprises with foreign investment established in remote underdeveloped areas may, upon application filed by the enterprise and approval by the competent department of tax affairs under the State Council, be allowed a fifteen to thirty percent reduction of the amount of income tax payable for a period of another ten years following the expiration of the period for tax exemption or reduction.

Export-oriented enterprises invested in and operated by foreign businesses may be levied at the reduced rate of fifty percent after the expiration of the period for tax exemption or reduction in accordance with the provisions of the Tax Law if the export value accounts for 70% or more of that year's total output value of the enterprise. However, export-oriented enterprises in the special economic zones and economic

and technological development zones and other such enterprises subject to enterprise income tax at the tax rate of 15% that qualify under the above-mentioned conditions shall pay enterprise income tax at the tax rate of 10%.

Advanced technology enterprises invested in and operated by foreign businesses which remain advanced technology enterprises after the period of enterprise income tax exemptions or reductions has expired in accordance with the provisions of the Tax Law may continue to be taxed by half for an additional three years.

Losses incurred in a tax year by any enterprise with foreign investment and by an establishment or a place set up in China by a foreign enterprise to engage in production or business operations may be made up by the income of the following tax year. Should the income of the following tax year be insufficient to make up for the said losses, the balance may be made up by its income of the subsequent year, and so on, over a period not exceeding five years.

(2) Individual Income Tax

For foreign nationals working in enterprises with foreign investment or foreign enterprises set up in China, their taxable income is the balance of their monthly income after the deductions for expenses of 3200 RMB in addition to a monthly deduction for expenses of 800 RMB.

(3) Profit

The profits that foreign investors make from the enterprises with foreign

investment are exempt from the income tax.

(4) Importing Equipment

Tariffs and import link value-added tax shall be exempted with respect to import equipment for their own use (including technology, matching components and parts along with imported equipment in accordance with contract) within the total amount of investment of encouraged projects in line with the Catalogue for the Guidance of Foreign Investment Industries, with the exception of the commodities listed in the Catalogue of Non-Duty-Free Commodities to Be Imported for Foreign-Funded Projects.

Foreign-funded enterprises whose business scope falls into the Encouragement Industry Catalogue stipulated by the state, or foreign-funded R&D centers, or foreign-funded technically advanced enterprises or foreign-funded export-oriented enterprises will be exempted from tariffs and import link value added tax in accordance with Circular of the State Council on the Adjustment of Tax Policy on Equipment Imports (Guo Fa [1997] No. 37) when they import, for their own technical updating, equipment and supporting parts, auxiliaries and relative technology within their original business scope that the local enterprises cannot produce or supply or the local products' performance cannot meet their requirement.

If foreign-funded enterprises import equipment for self use, as well as technology, matching components and

parts along with imported equipment in accordance with contract in order to manufacture the commodities listed in the Catalog of the State High-tech Products, these items, except the ones listed in Catalogue of Non-Duty-Free Commodities to Be Imported for Domestic Investment Projects (Guo Fa [1997] No. 37), shall be exempted from tariffs and import link value-added tax.

(5) Purchasing Domestic Equipment For investment projects whose capital of foreign investors reaches 25% or above of the capital paid up by all the investors of the foreign-funded enterprises and which also accord with the encouraged types in Catalogue for the Guidance of Foreign Investment Industries and Catalogue of Key Industries, Products and Technologies Encouraged for Development by the State, the unused domestic equipment purchased by foreign-invested enterprises with currency in China (including products of plastic, rubber, ceramic and porcelain and petrochemical tubes purchased together with the equipment and listed in purchase contracts), will be refunded the value-added tax in full amount.

For equipment purchased from the domestic market specified in the Catalogue of Non-Duty-Free Commodities to Be Imported for Foreign-Funded Projects and Catalogue of Non-Duty-Free Commodities to Be Imported for Domestic Investment Projects issued by the State Council, enterprises cannot enjoy the preferential policy of tax drawback.

(6) Reinvestment

Any foreign investor of an enterprise with foreign investment which reinvests its share of profit obtained from the enterprise directly into that enterprise by increasing its registered capital, or uses the profit as investment capital to establish other enterprises with foreign investment to operate for a period of not less than five years shall, upon approval by the tax authorities of an application filed by the investor, be refunded forty percent of the income tax already levied on the reinvested amount.

Where foreign investors reinvest directly to set up or expand export-oriented or advanced technology enterprises within the boundaries of China, the entire portion of enterprise income tax levied on the reinvested amount may, in accordance with the provisions of the State Council, be refunded.

(7) Fixed Assets Depreciation. Where, for special reasons, it is necessary to shorten the useful life of fixed asset, an application may be submitted by the enterprise to the local tax authorities which following examination and verification shall be reported level-by-level to the State Tax Bureau for approval. Such fixed assets include:

(1) machinery and equipment subject to strong corrosion by acid or alkali and factory buildings and structures subject to constant shaking and vibration;

(2) machinery and equipment operated continually year-round for the purpose of raising the utilization rate or increasing the intensity of use;

(3) fixed assets of a Chinese-foreign contractual joint venture having a period of cooperation shorter than the useful life specified in Article 35 of these Rules and which will be left with the Chinese party upon termination of the cooperation.

(8) Miscellaneous Income tax of the royalty received for the supply of technical know-how in scientific research, exploitation of energy resources, development of the communications industries, agricultural, forestry and animal husbandry production, and the development of important technologies may, upon approval by the competent department for tax affairs under the State Council, be levied at the reduced rate of ten percent. Where the technology supplied is advanced or the terms are preferential, exemption from income tax may be allowed.

Incomes of units or individuals (including enterprises with foreign investment, R&D centers invested and set up by foreign investors, foreign enterprises and foreign nationals) from technology transfer, business of technology development and related business of technical consultancy and service shall be exempt from business tax.

Imported advanced technologies that are listed in the Catalog of State New and High-Tech Products, and the software fee paid overseas in accordance with the contract, are exempt from customs duty and import-link value added tax.

Enterprises with foreign investment where technology development fee in China has increased by over 10% (including 10%)

than that for the previous year, shall be permitted, upon examination and approval by the taxation authorities, to re-offset 50% of the amount actually used for technology development fee for the taxable income for the same year, upon examination and approval of taxation authorities concerned. In the enterprises where technology development fee has increased by over 10% from that for the previous year, and 50% of the amount actually used by the enterprises is higher than the taxable income for this year, the enterprises may be permitted to offset the portion which is not exceeding their taxable income; for the exceeding portion, they shall not be allowed to offset in this year or for the succeeding years.

How to establish a foreign enterprise in Zhejiang Province

Foreign investment enterprises registrations will be processed by foreign investment department in Department of Commerce of Zhejiang Province.

1. The encouraged and approved projects and foreign investment enterprises with the total investment below \$500 million are approved by the city, county and development zones of Zhejiang province.
2. The encouraged foreign investment enterprises, limited foreign investments with total investment below \$500 million, and approved foreign investments above \$500 million and below \$1000 million are approved by province commerce department of Zhejiang province.
3. The limited foreign investment with total investment above \$500 million, and approved foreign investment above

\$1000 million are approved by Ministry of Commerce of China.

Turkey and Zhejiang

Trade: Turkey is the 17th export market of Zhejiang. In 2009, the total trade between Zhejiang and Turkey was USD 1.79 billion; the total export was USD 1.72 billion, and the total import was USD 70 million. In the first three quarters of 2010, the total bilateral trade was USD 2.117 billion, an increased of 69.76%; the total export and import was USD 2.005 billion and USD 112 million, an increased by 66.49% and 160% year on year.

Major export products: ships (USD 109 million), knitting products (USD 6.704 million), textile (USD 5.168 million), Automotive parts (USD 3.646 million); Major import products: Copper (USD 14.69 million), Chrome (USD 12.16 million), Iron (USD 12.16 million), plastic (USD 11.01 million).

FDI from Turkey

At the end of August 2010, Turkey set up 61 enterprises in Zhejiang with the actual use of foreign capital was USD 27.26 million. The main sectors are textile, communication equipments, computer and other electrical equipment producing, selling. There are 7 enterprises with an investment of over USD 50 million.

➤ *The major projects from Turkey investment*

Whenzhou Jiouli Industrial Co., Ltd. : Whenzhou Rixing Metals Factory Joint Venture with Turkey Industrial Metals

Manufactory Imp.& Exp. Industry and Trade Co., Ltd., the total investment was USD 20 million. Major industries: production and Sale CNC machine tools, Electric Equipments, research and development and sales.

NGY Office tools electric techniques and foreign trade Co., Ltd. invests and sets up Ningbo Xin Doushi Automotive parts Co., Ltd. and Ningbo Keyuan Automotive parts Co., Ltd., the total investment was USD 19.8 million.

➤ *Other project from Turkey investment*

Chunan Qiandao Lake Quanshun Textile Co.,Ltd. which is located in Chunan County (Hangzhou). It is foreign-owned company which produce & Sell textile and cloth with total investment of USD 15 million.

Changxing Anke Shu Rubber Technology Co., Ltd. which is located in Changxing County (Huzhou) and it is foreign-owned company which produces & Sells Rubber and insulating materials with total investment of USD 12.5 million.

Ünsa (HZ) Packaging Manufacturing Co.,Ltd. which is located in HZ Economy and Technology Development Area. It is a foreign-owned packaging manufacturing with total investment of USD 7.5 million.

ZJ Areffa Industrial Co.,Ltd. which is located in the area owned by Lishui City Foreign Trade Bureau. It is foreign-owned which produces and sells optical glasses, the sun glasses, glasses and optical

instruments with a total investment of USD 5 million.

Zhejiang investment in Turkey

At the end of August 2010,there are 36 enterprises invest in Turkey with total investment of USD 25.76 million which Involves major industries: Machinery, Electronic, and textile. There are 4 projects are over USD 1 million.

➤ *Major projects of Zhejiang companies invest in Turkey*

Turkey Muli Mine International Imp. & Exp. Trade Corporation with total investment of USD 8.8 million – The local company is Wenzhou Xinbao Imp. & Exp. Co., Ltd. The main industry is Chrome Mining and sales.

Turkey Shenma Motorcycle Industry & Trade Co., Ltd. with total investment of USD 6.32 million – The local company is Cixi Kangxin Motorcycle Co., Ltd. It mainly produces and sells motorcycle & bicycle & parts.

➤ *Other projects in Turkey:*

Haitian Turkey Co., Ltd. in Turkey which is set up by Haitian Machinery Ltd. with total investment of USD 2 million. Mainly doing the Plastics machinery processing, assembly and sales

Turkey Zhongkai Trade Co., Ltd. which is set up by Ningbo Kaitong Motorcycle Manufactory Ltd. doing wholesale of motorcycle parts sale & services.

Hangzhou – Capital City of Zhejiang Province

General Economic Review

Economic Indicators of 2009	Value	Growth (y-o-y)
GDP	509.87 billion RMB (\$342.7bn)	10%
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- Secondary industry	243.49 billion RMB(\$178.48bn)	6.8%
- Tertiary industry	247.35 billion RMB(\$148.1bn)	13.9%
Value-added Industrial Output	179.2 billion RMB(\$124.36bn)	6.1%
Fixed-assets Investment	229.17 billion RMB(\$161.89bn)	15.7%
Retail Sales	108.5 billion RMB(\$129.94bn)	15.8%
Inflation (CPI)	98.6 (2008 = 100)	-1.4%
Total Foreign Trade	\$40.42bn	-15.9%
Exports	\$27.18bn	-19.1%
Imports	\$13.24bn	-8.4%
Utilized Foreign Direct Investment	\$4.01bn	21.2%
Overseas Investment	\$186million	45.7%

Hangzhou, the capital of Zhejiang Province, is the provincial centre in economy, culture, science and education. It is a famous city in history and culture. Located at the southern wing of the Yangtze River Delta, the west end of

Hangzhou Bay, the lower reaches of Qiantang River and the southern end of the Grand Canal (Beijing – Hangzhou), it is one of the most important central cities in the southern wing of the Yangtze River Delta and a hub of transportation in southeast China. In 2009, Hangzhou's

comprehensive economic strength continued to rank No.2 (after Guangzhou) among all provincial capitals, No.3 (after Guangzhou and Shenzhen) among all sub-provincial cities and No.8 of all large and medium sized cities of China. It won the title of “China Mainland Best Commercial City” by “Forbes” Magazine; it is listed as No.1 of 2009 Happiest Cities of China; China’s top ten creative cities and top ten dynamic cities.

Benefiting from the geographic features, Hangzhou is blessed for its agricultural production with rich myriad plants, forests, animals and birds. The mineral resources include large and medium scale metal and non-metal deposits.

The main industries in Hangzhou city are Machinery, silk garments, ready-made clothes, textile, IT and beverage industries.

There are 74 private enterprises are involve in China’s Top 500 private enterprises in Hangzhou.

- *China Guangxia Holdings* – Main Industries: Contraction and Real Estate
- *WAHAHA Group Co., Ltd* – Main Industry: Beverage
- *Zhejiang Hengyi Group Co., Ltd* – Main Industry: Chemical – DTY, FDY, POY, PSF, Bottle Grade Chip, PET-CHIP, PTA.
- *Zhongtian Group Co., Ltd* – Main Industry: Construction and Real Estate

- *Zhejiang Rongsheng Holding Group Co., Ltd* – Main Industry: Investment enterprise – fields of petrification, chemical fibre, real estate, logistics and trade.

Infrastructure

Aviation: Hangzhou Xiaoshan International Airport is a key trunk line airport, a tourism city airport and an international scheduled flight airport of China as well as a class A airport for openness to the outside world. Its passenger throughput and its freight and post throughput are both among the top-10 in China. Up to the end of 2008, there had been 193 airlines, in which 38 international or district airlines to Tokyo, Osaka, Bangkok, Singapore, Seoul, Pusan, as well as HK and Macao.

Highway: Hangzhou is the hub of 5 expressways (Shanghai-Hangzhou-Ningbo Expressway, Hangzhou-Nanjing Expressway, Hangzhou-Jinhua-Quzhou Expressway, Hangzhou-Thousand Island Lake Expressway and Hangzhou-Huangshan Expressway) and 11 national and provincial highways. Now it has formed a network of expressways and special highways with complete facilities.

Railroad:

Hangzhou is a key railroad hub in southeast China, connecting three important railroad lines of the country: Shanghai-Kunming Railraod, Hangzhou-Xuancheng (Anhui Province) Railroad and Hangzhou-Ningbo Rairaod. The city is one of the key points in the whole of China’s railroad network.

Development Zones

It is the effective way for foreign investment in Hangzhou to set up in national owned development areas. They provide the “one-stop” service for foreign companies, and services are free. From the Corporation and projects approving operation, location selection, Human Resources Recruiting, to the equipment purchasing, development areas have comprehensive services system to assist organizations producing and developing in Hangzhou.

Three main national development areas:

Hangzhou Qianjiang Development Zone

Hangzhou Qianjiang Economic Development Zone is located at the northwest part of Hangzhou Linping industry area, attached to Hangzhou People’s Municipal Government. There is one main public centre to arrange for the public facilities services to the ambient area; Two axes – the public construction development axis and industry development axis formed a “CROSS” by relying on the main roads Xinghe Road and Xingyuan Road; Five industrial parks, of which the mechanical & electrical integration industrial park, the mechanical & electrical and packaging industrial parks which cover two sections, the new material and new energy industry parks also cover two sections.

Hangzhou Economic & Technological Development Area

HEDA is located in eastern Hangzhou Municipality, which was ratified by the

State Council in 4, 1993 as a national-grade development zone, and exercises jurisdiction over an area of 104.7 k m². Zhejiang Hangzhou Export Processing Zone was built in this area. Over 700 domestic or foreign enterprises were established in the area, of which 31 enterprises were in World Top 500.

Hangzhou High and New Technology Industry Development Area

Hangzhou Hi-tech Industry Development Zone was approved by the State Council as a state level Hi-tech Industrial Development Zone. The main region is located in the northwestern part of Hangzhou's urban district, adjacent to the West Lake. This is an area of culture, education and a base for the electronics industry. It is composed of three parts, with the main regions being the Zhijiang Sci-Tech Industrial Park and Xiasha Sci-Tech Industrial Park.

Hangzhou Hi-tech Software Park is situated in the Zhijiang Sci-tech Industry Park, which mainly relies on colleges, universities and scientific research institutes to attract personnel and funding, promotes the grouping of computer software technology and other optimal productive factors, and works to establish an industrialized production capacity.

FDI in Hangzhou City

In 2009, the foreign investment reached USD 4.014 billion, up by 21.2%, and the domestic investment was USD 8.4136 billion, up by 18.5%. By the end of 2009, there were 117 projects built in Hangzhou funded by 70 companies of the World Top

500 Companies. In the total year, 79 domestic investment projects were attracted and over RMB 100 million and the funds total USD 4 billion. There were 19 domestic headquarters was introduced.

FDI Policies

The main FDI policies are follow the FDI policies of Zhejiang Province. On the other hand, depending on the special policies of development zones, there are some preference policies for foreign investment:

Hangzhou Economic & Technological Development Area:

Tax policy: Since Jan 1st, 2008, the enterprises enjoying preferential policies of low tax rates, switch gradually to legal tax rates in 5 years since new tax law was imposed on. Among them, the enterprises enjoying 15% income tax, shall pay 18% of income tax in 2008, and 20% in 2009, 22% in 2010, 24% in 2011, 25% in 2012; the enterprises paying 24% income tax, shall pay 25% of income tax from 2008.

For the enterprises enjoying preferential policies for harvesting no profits, their preferential terms begin from 2008.

(In accordance with State council's Notification on Practicing Enterprises' Income Tax Transitional Preferential Policies)

Customs Policies: Enterprises in conformity with certain conditions shall enjoy relevant reduction and remission policies in fields of export tariff, import tariff and processing trade, stipulated by the state.

How to establish a foreign investment enterprise in Hangzhou City

Except the official establish and approval policies by Zhejiang province, different development zones and associations provided convenience services for foreign investments to set up businesses in Hangzhou city.

Such as Hangzhou Economic & Technological Development Area Management Commission is an agency of Hangzhou Municipal Government, which practices standard management and single-stop services, project establishment, company establishment, approval and registration, land application and construction procedure can all take place in the handling hall of the management commission.

HEDA performs thorough services and coordination for investment consulting, registration and other procedures, pre-coordination before construction, capital increase development, etc.

Process for Foreign-Investment Enterprises to Get Approved and Registration:

1. Initial consulting and examination of projects (Branches of the Investment Promotion Bureau)
2. Undertaking name inquiry and registration

Formal application to Investment Promotion Bureau Branches (necessary approval materials provided when it needs trade departments responsible for the work

or environment protection departments to perform presupposed approvals)

3. Management Council's approval

4. Receive advance code of the organization

5. Type and receive approval certificate (Investment promotion department of Investment Promotion Bureau)

6. Approval of business license (District branch of Industrial and Commercial Bureau)Receive Business License

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Department of Commerce of Zhejiang Province

Hangzhou Federation of Industry and Commerce

The Peoples' Government of Zhejiang Province

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Hangzhou Government

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