

Welcome to Xi'an



Xi'an is a world renowned ancient city as well as a modern metropolis full of vigor. It is the country's traffic hub and a base of education, research and development, hi-tech and equipment manufacturing.

1. Xi'an as the center of Technology and Education.

Xi'an ranks third in China in terms of technical strength. It has over 3,000 research institutes, 93 national key laboratories, and 29 national technical research or industrial testing centers. There are more than 400,000 technical personnel, accounting for 24% of the 1.5 million employed people in the city. Besides, there are 42 academicians of Chinese Academy of Science (CAS) and Chinese Academy of Engineering, as well as scientists with national and international fame, with 1000 key technological achievements being realized annually. Xi'an is the birth place of the first rocket engine, the first computer, the first civil air plane as well as the first digital color TV set of China. One third of the overall innovation strength of China's spaceflight technology is condensed here.

2. Xi'an as the center of manufacture in North West China.

As a key industrial base since the establishment of the China, Xi'an has developed a complete industrial system ranging from mechanical equipment, transport, electronic information, aeronautics and astronautics to bio-medicine, food, beverage and petrochemical. It is one of China's most important research centers and production bases of equipments for transmission and transformation of medium & high voltage power, aircrafts and engines for spacecrafts, heavy-duty automobiles, digital & program-controlled exchanges, color tubes, compressors for fridges and air-conditioners, sewing machines for industrial use, large industrial fans, computer software, dairy products and western and traditional medicine.

3. Xi'an as the center of Tourism in North West China.

Xian owns a population of 8.07 million and used to be the capital of 13 ancient dynasties for over 1,100 years. The centuries-old history and culture let her, along

with Athens, Rome and Cairo, become one of the four ancient capitals in the world. The various kinds of historical heritages such as Banpo Remains are more than 6,000 years old. Terra-cotta Warriors &Horses are over 2,000 years old and the Huaqing Hot Spring counts more than 1,000 years. In 2003, Xi'an was recognized as the "best traveling destination" by the World Tourism Organization. At present, more than 800,000 overseas tourists have visited Xi'an. So far over 100 head of states and officials of foreign countries have visited Xi'an.

4. Xi'an as the center of Commerce and Trade in Western China.

Being the largest central city along the mid Section of the New EuroAsian Continental Bridge, Xi'an plays a very important role as a hub connecting Central and Western Asia to Europe. Xi'an is the starting point of the Silk Road. Occupying an important position in West China, it has become a center of trade and commerce, finance and logistics in the region. Last year, its total retail sales of consumer goods accounted for over a half of Shaanxi's total sales.

5. Xi'an as the center of logistics in Western China.

The central geographical position of Xi'an enables travelers to get by air to the furthest cities in all directions in about two hours. The superb position also makes the city a natural logistics hub. In terms of railway, Xi'an is the pivotal hub in the railway networks of Shaanxi Province and also nationwide. When Xi'an-Zhengzhou high-speed Railway has been finished in 2008, it will take only two hours from Xi'an to Zhengzhou, three hours to Beijing, and five hours to Shanghai.

Xi'an is also one of the largest hubs in national highway networks. Two of the national trunk lines, five national highways and three major highways in West China run across the city. Its "one-day traffic circle" covers a dozen provincial capitals with a population of 600 million people.



In air transport, Xi'an is one of the country's six air hubs. With more than 90 domestic routes and 27 international routes to cities like New York, Los Angeles, London and Paris, it handled 7.5 million passengers last year.

As for telecommunication, Xi'an has become one of the country's six telecommunication hubs. It has convenient accessibility to other parts of the country, even to the world with its advanced fiber-optic network, digital micro-wave, satellites, program-controlled switched network and multimedia service. Xi'an is the largest hub in Longhai, Lanzhou and Xinjiang economic belt - a section of New Asian-Europe Continental Bridge. Besides, it is the pivotal city along the Pan-Asia railway line (China-Southeast Asia). The strategic position, therefore, promises an infinite market.

6. Xi'an as the financial center in western China.

Various kinds of financial institutions featured by professional banking and insurance are condensed in Xi'an. The headquarters of the North West branch of

China People's Bank has been established in Xi'an. With the access of some famous foreign founded banks such as East Asia Bank, Canadian Scotia Bank, as well as renowned professional accounting institutions, such as PriceWaterHouseCoopers, Xi'an has taken shape into a commercial and financial center of western China. Presently, there are about 1,437 financial institutes with financial relationships to over 160 countries and regions.

Five leading industries Xi'an encourages to develop

Currently, Xi'an is in a phase of construction and great development. According to the development concept of "internationalization, market-orientation, humanism and ecologically-friendliness", Xi'an has a clear idea of being a "modern metropolis with historic & cultural characteristics". The main development fields are: hi-tech industry, equipment manufacturing industry, tourism industry, modern service industry and cultural industry.

1. Hi-tech Industries.

Xi'an's high-tech industry consists of clusters such as electronic information, modern biology and new medicines, optic-mechanic-electronics integration, new materials and high-efficiency energy saving and protection. We will focus on the two sectors of integrated circuit (IC) and software, form three industrial clusters of telecommunication equipment, new electronic components, optic-mechanic-electronics integration and biological medicines to promote new growing points of new materials and energies. In the fields of hi-tech industry, there are several dozen world top 500 companies and world-renowned multinationals which have set up R & D centers, technique support centers and investments to build manufacturing facilities like Intel, Infineon, HONEYWELL, Philips, and Xi'an Datang Telecom Technology Co., Ltd., Xi'an Qing'an Refrigeration Equipment Stocks Co. Ltd., Xi'an Typicalbrother Industries Co. Ltd., Xi'an Kaimi Co. Ltd., Xi'an Haitian Antenna Technologies Co. Ltd., Xi'an-Janssen Pharmaceutical Ltd. as well as Xi'an Jiao Tong University Create Group.

2. Modern equipment manufactures.

Modern equipment manufactures include aeronautic and astronautic equipment, electronic information equipment, automobiles manufacturing, advantageous dedicated equipment, complete high-and-middle voltage transmission and transformation equipment. Moreover, we will build six industrial clusters for aeronautics, aviation, electronic information, heavy-duty trucks, cars and coach, advantageous dedicated equipment and complete transmission and transformation equipment. Famous companies such as Cummins, Valtimet, Hydro Aluminum Xi'an Co.Ltd., Hitachi, Johnson Controls, Shaanxi, Fast Gear Co., Ltd (SFGW)), Siemens Signaling Company Ltd, Hitachi, ABB, Volvo, Bosch, MAN and



Fedders already invested in Xi'an.

3. Tourism industry.

According to our imperial city revival plan, we are planning to develop Xi'an's tourism industry focusing on tourism service facilities, landscapes construction and tourism resources. With the idea of "stepping into history, perceiving humanism and experiencing life", we are planning to develop scenic spots, tourism products and other related tourism facilities based on famous



cities, mountains and cultural relics. We are forming projects like forest park construction near the north foot of Qin Lin Mountain, mountain & river resources based on Dong Da Spring, natural scenery recreational resorts; cultural tourism projects like Terro-cotta Warriors & Horses, Stone Tablets, City Wall of Ming Dynasty, Big Wild Goose Pagoda and other new tourism hot spots. Like this we enable tourists to visit more natural sceneries, perceive history and culture and experience the life and magic of Xi'an.

4. Modern service industry.

Modern service industries include finance, insurance, telecommunications, logistics, commerce and intermediary. We will attach great importance to exhibition, modern logistics, financial service trade, information service trade, intermediary service industry, community service trade, commercial circulation industry and property development industry. Our key objectives are building regional exhibitions, logistics and commerce centers, forming the exhibition industry with the second "Euro-Asian Economic Forum", National Sugar & Drinks Exhibition, International Heating Equipment Exhibition, Hi-tech Trade Fair and Tourism Exhibition. Quickening the development of logistics industry like Xi'an International Port District, Liu Cunbao Airport Logistics Center, Yin Zhen Warehouse Logistics Center, Da Ming Palace Building Materials Distribution Center; building new form of industries like chain stores, e-commerce, franchise, agency, multimode transportation; commerce and trade industry like Li Feng Shopping Center, Northwestern Commerce Center, Northwestern Agricultural and Sideline Products Center; special streets development projects like Da Yan North & South Square, West Street, Alley along the City Wall, etc.

5. Cultural industry.

Specifically, cultural industry includes the development of historical & cultural resources, film and TV bases, optical storage trade, computer game software industry, press & publication, performance, and cultural relics and arts exhibition. Cultural products like film industry, newspaper, publishing, performance, sports, and exhibitions; local cultural brand names like Qing Opera, Peasant Paintings of Hu Xian County; modern cultural brand names like Tang Dynasty All-night City, Tourism Art Week, Qu Jiang Forum; ecological and cultural industry chain like

Euro-Asian Economic Forum, Guang Yun Pond. Moreover, there is an immense developing space for infrastructural construction, municipal utility service, reforms of state - owned enterprises and realty business in Xi'an.

According to the fourth master city plan, Xi'an city is going to extend its city framework continually. Like this Xi'an will become a city which borders east on Lintong, west on Xianyang, south on Chang'an and north on Weihe River. The total area of the main city will increase 75%. That means the total area of Xi'an city will increase from over 300 km² to 524 km² until 2010. During the 11th five-year plan, investment in fixed assets will reach 705 billion Yuan, which means an annual average investment of 141 billion Yuan. The proportion of the publicly-owned economy is now as high as 75%. Our plan is to reduce it to 20-30% in a short period of time. Xi'an city welcomes foreign and local enterprises to participate in this restructuring. For example, China Coal Gas enterprise in HongKong would like to spend 740 million Yuan for buying 47% of state owned shares of Xi'an Coal gas enterprise. Xi'an city can release the investment potential in the area of urban water supply system, city gas supply engineering, road building, public traffic, city heat supply system, garbage disposal and real estate.

The main investment platform of Xi'an

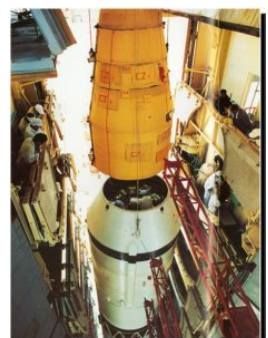
Xi'an city has formed a new pattern which is made up of development zones for industries using high and new technology. These are Economic and Technological Development Zone, Qujiang district, Chanba River ecosystem and Yanliang aviation high and new technology base. Leading industries of Xi'an centralize in these zones. These investment places offer preferential environment and flawless equipment. By the end of the 11th five-year plan, the total area of these zones will increase from 92 km² to 227 km². They will engross 43.3% of Xi'an`s total area.

1. Xi'an high and new technology industries development zones.

These zones have been opened to APEC in China. The Prime Minister Mr. Wen Jiabao said that China is going to try its best to build top 5 high and new technology industries development zones. The main economic target keeps ahead among the whole high and new technology industries development zones of China. It has passed ISO 14000 check and keeps a quick develop rate of 30%. Over 30 world famous enterprises have set up their branch here. For example Micron, IBM and Huangjipu.

2. Xi'an Economic and technological development zone.

Its main economic target keeps ahead among the 13 state economic and technological development zones and its increase rate has reached 40%. There have been built four functional zones such as Jingwei River industry zone, Caotan eco-system, export processing zone and central business district. Over 160 world famous enterprises have set up their



branch here, for example Coca Cola, Siemens and ABB. With government backup, this zone will be built as an important manufacturing processing base, export processing base and materials circulation center in western China.

3. Xi'an Qujiang new district.

This zone is the only zone which focuses on tourism and culture. It has several functions such as travel, entertainment, resorting and holding meetings. Tang Paradise, south & north square and Sea World attract 13.000 person per year. And lots of good real estate projects such as Qujiang hotel, Zhongwei business club, Diamond Dynasty and Qujiang Zizhu Park catch the eyesight of foreign and local people. The zone recently signed a treatment to build a tourism and culture zone.

4. Chanba River ecosystem.

This zone would like to build itself as a water city. Its development emphasis on building a new eco-system district, business district, sight view district and economic district. An association of Euro-Asia forum has already invested 6 billion Yuan. In several years, this zone will become a full function new district.

5. Yanliang aviation high technology base.

This base is the only state level aviation base which focuses on aviation industry research and development, aviation equipment production, whole aircraft production, accessory processing, aviation service and training of aviation personnel. There are over 30 world famous enterprises who have set up their branches here, for example Mingkang group and Zhongyuan from Hongkong. This zone will exert its advantage in military products and research civil products. It will try its best to build itself as a top aviation base and perfect industry chain.

Investment Costs and Government Services of Xi'an City

1. Investment Costs.

Xi'an boasts abundant highly educated human resources. Meanwhile, the labor cost is only one third compared to the coastal regions. The city has nearly one hundred colleges and universities, with a total of 800,000 students. Xi'an has over 10,000 Master's and Doctor's graduates every year, 10.92% of the city's total population have college degree or higher education. Abundant professional and technical talents can meet various investment demands. A survey conducted by Infineon shows that every year 19,000 students study electronic engineering on the campuses of Xi'an (as against 17,000 in Shanghai, 7,000 in Hangzhou and 500 in Suzhou). Besides, a large pool of highly skilled technical workers provides a guarantee for investment in the industrial sector.

400 kilometers away from the key national energy base in northern Shaanxi, we have sufficient supplies of coal, natural gas and oil. The prices are attractive compared to the coastal cities. The northwest hydro-power grid and the provincial

thermal power grid guarantee our power needs. Xi'an Thermal Power Plants are capable of satisfying 38% of power needs of the city. 92% of the households adopt natural gas for daily use. The city supplies 1.75 million tons of water every day and the water quality is the best in China with 100% of portable water being up to standard.

We are trying to build Xi'an into a state model city concerning sanitary conditions and environment improvement. And our efforts have already paid off: 42% of the land has been covered with trees and air quality has improved. Last year, 290 days were rated as above fine grade. As part of our effort to make foreigners feel being part of the city, we have established Xi'an International School for foreign children.

In 2005, Xi'an ranked first in West China, and sixth in the country among over 600 cities in competition for "the most charming Chinese city" organized by the State Ministry of Construction.

2. The Government Services.

In recent years, the investment environment of Xi'an is optimizing. Firstly, we are putting the reform of the administration approvals and the institutional innovation forward. The number of administration items has been cut from 438 to 175, which ranks 2nd among 15 vice-provincial cities.

Secondly, we create the "green channel" for administration approvals, cutting the procedures of the investing projects covering the four stages of set-up, feasibility plan, land plan as well as construction approval.

Presently, there are 83 top 500 companies and renowned enterprises in Xi'an. By the end of 2005, 2,258 foreign companies have been set up in Xi'an, with total investment of 10.71 billion US dollars and contractual foreign capital of 5.47 billion US dollars. Last year, the total volume of foreign capital has been doubled, which makes Xi'an rank 1st not only among the 15 vice-provincial cities in terms of the increase ratio, but also among the western cities in terms of the total volume. In the next five years, the expected GDP growth of Xi'an will reach 13%. A new round of great construction and development has been implemented, which brings infinite opportunities to every investor from home and abroad.

