

## **A Basic Introduction of Pingyuan , Shandong, China**

Pingyuan County is located in the middle of Dezhou, southwest of Shandong Province. It's not a big place, but it has a long history of more than 2200 years. Here once appeared a generation of heroes in this land. Story of sworn brotherhood of the three Shu Han heroes(Liu Bei, Guan Yu and Zhang Fei) is well-known in China. Liu Bei, the Emperor of Shu Han named Zhaolie used to be the county leader of Pingyuan.

Pingyuan covers 1, 047 square kilometers with 180 rural communities which are divided into eight towns, two townships, two sub-districts as well as one provincial economic development zone. Pingyuan has a population of 460,000 and it also has 850,000 mus of farmland. It is an important productive base of grains and cotton in China. It is also a big vegetable park in which vegetables are cultivated to serve Beijing and Tianjin. Pingyuan is a strong county in stock farming. Pingyuan strengthens city greening, as a result, it has been up to National Greening Standard.

In recent years, Pingyuan has its advantages to conduct foreign cooperation in relation to municipal industries.

In summary, Pingyuan has five advantages below:

First, Pingyuan is in possession of superior location and convenient transportation.

Pingyuan is located in the golden area called Bohai Economic Rim and it's surrounded by those big cities like Beijing, Tianjin and Jinan. Taking Pingyuan as the center, there are 17 big cities within 300 kilometers range. It is quite convenient in transportation. The Beijing-Shanghai Railway, the Beijing-Shanghai High-Speed Railway, the Beijing-Fuzhou Expressway as well as State Road 105 all run across Pingyuan.

In June last year, the Beijing-Shanghai High-Speed Railway opened and made Pingyuan be a member of One Hour Economic Circle of Beijing. As a result, it only takes over one hour to get to Beijing. It also reduces the time to get to Shanghai. Now we only need 4 hours to get there.

In October last year, the Pingyuan-Dezhou Happiness Road opened so that we can get to Dezhou within 20 minutes by car.

What's more, Project Phase 1 of a large Railway logistics base which is built in Pingyuan by Jinan Railway Bureau has already opened. This project is one of the national-arranged 100 loading points and the port throughput of cargo can be up to 3 million tons a year. Pingyuan Railway Logistics Center has got the approval to host container service, thus the transportation cost would be lowered a lot. It's foreseeable that our location and transportation advantages will be more outstanding.

Second, rich resources and energy.

Pingyuan is a famous county with rich grains, layers, vegetables, meat and poultry. Usually, the production of grain is up to 800,000 tons yearly, vegetables up to 1,800,000 tons, layers and doves up to 20,000,000 , fresh eggs up to 100,000 tons a year and meat up to 50,000 tons. The number of “three certification” brands is 42. Pingyuan also has a reservoir—Xiangjia River with a capacity of 30,000,000 cubic meters, which can provide more than 100,000,000 cubic meters water. City sewage treatment factory with good water supply and drainage facilities is built in Economic Development Zone, too. Almost 10,000 students graduate from senior high school and secondary specialized school or even above. There are over 40,000 persons of rural surplus labor aged 18-30, which can provide plenty of high quality technicians. Meanwhile, our county has built strategic partnership with Shandong University, Shandong Yingcai University, Dezhou University, and Dezhou Career Technical College. This can provide talents for different kinds of high and new technology enterprises. There are 31 transformer substations. Among those, there are two 220,000 volt substations. Because of this, we have realized power distribution automation. There are also two gas pipelines—Zhongyuan Oilfield Gas Pipeline and West to East Gas Pipeline. This can provide adequate energy security for enterprises. Pingyuan County has finished a new round of land use planning. The scale of construction land has inflated to 80,000 acres, which can ensure the construction land need for enterprises. At the same time, according to the current land policy of Shangdong Province, our county will solve land index in a special way for projects such as new energy, new medicine, new information, new materials and so on.

### Third, diversified and distinguished-style industries

With many years’ development, these five big traditional competitive industries: Chemistry, Paper-making, Equipment manufacruring, Liquor, Lucrative agricultural deep processing have formed in shape. New style material, Biological medicine and some other new industries are developing quickly. And the Pingyuan can produce 3 million tons chemical products every year, Paper-making 1.5 million tons every year, Liquor 1.5 million tons and Lucrative agricultural deep processing 2 million tons, which make Pingyuan the biggest production bases of the fasterners and important Chemistry, Paper-making to the north of Changjiang river. At present, the county has more than 280 enterprises and industrial total assets of more than 150 billion, which makes Pingyuan have great potentiality of external cooperation and developmental supporting. Since last year, centering on Dezhou’s modern industual system“10+3”, we have established development strategy of developing circular economy demonstration county with Pingyuan characristics. We concentrate various resources to mainly develop Biological medicine, Home furnishing materials, Equipment manufacturing and other competitive industries. By attracting investments, we stocked many great items which has great potentiality and high industrial levels. Among these items, some

have signed a contract, some have begun construction and some have already delivered results.

Fourth, the beautiful environment, complete facilities of the city.

We focus on “Liu Bei used to be the county leader of Pingyuan, culture of the Three kingdom city” the brand to develop “Historical and cultural city” “Tourism resorts” “Ecological civilization city” “Circular economy city”. So far, the planning area of the city proper has reached 45 square kilometers, the built-up area has reached 22 square kilometers. The population of the city has reached 120,000. The planning area of the city’s Economic Development Zone has reached 30 square kilometers and had more than 160 companies. The city has won many honors such as “City People’s Satisfaction Award ” “Shandong Habitat Environment Award” and so on.

Fifth, open and inclusive, honest and trustworthy people.

The Pingyuan city has a profound culture and simple folk customs. The leaders are unity and harmonious in their work. The County Government is always caring for people. They attach importance to the foreign business. They have a deep love on the friends of business circles. The county has a good public security and social stability. The atmosphere of “ close to the commerce, value commerce , commercial prosperity” is strong. Because of this, in recent years, many famous national and international companies make a large investment in Pingyuan. such as Holland Kang Nicks Norcom company , South Korea GS group , Taiwan Jinyi Group , The central enterprises of chemical fertilizer , Zhejiang union of science and technology , Beijing copper clothing company and so on. They all think highly of the honest, open and inclusive, fair industrious rich humanistic environment of Pingyuan.

For foreign investors, we have introduced the following preferential policies:

I. Project land preferential policy.

1. Land-provide.

(1) Construction land tilt indicators give priority to industrial projects, in principle in accordance with acres of fixed assets investment of over 1 million RMB, the building volume rate of 0.7, the building density of 35% above, administrative office and living facilities do not exceed a total area of 7%(Industries with special requirements, in accordance with the relevant industry standards) acres a year after the production efficiency of standard supply of land for tax contribution of more than 50,000 Yuan(RMB). Enterprises pay a one-off at 64,000 yuan(RMB) per acres for land transfer, land after the completion of formalities, deductions payable provinces more parts and remainder in full of the rewarding enterprise.

(2) For Commerce and Trade Service Industry, Financial and Insurance Law Service, Marketing Logistics, Sports Entertainment Industry and other projects will adopt the auction way supply.

## 2. Land-use.

(1) Duration of land use. Industrial land transfer service for 50 years and 40 years for commercial use.

(2) Construction cycle regulation. Since the date of delivery of net, the County Government will legally dispose of idle land, if you could not begin construction within 6 months or 2 years cannot be put into operation. The enterprises should be responsible for the loss themselves.

(3) Land mortgage loan. Land for investment projects, the application must be approved by the investor and report the County Government leaders in charge to sign an agreement, the land management sector will be able to provide them with mortgage procedures.

## II、 Tax incentives

1. Business investment projects. Since the date of the project is put into, you can enjoy a five-year tax incentives (That is: since the date of commissioning of the project, the first two years ,the government will pay the VAT instead of enterprises. The last three years after the turning over to the VAT, corporate income tax local retains part of 50% of reward).

2. Pingyuan County area within the existing enterprise and the enterprise outside area to the new and the other party has invested over 30 million yuan (including RMB 30 million yuan),At the same time, the new project is not an independent legal entity, is not accounted for separately, and is able to put into production on schedule, tax incentives of new projects, will be treated equally with the investment enterprise. The calculation of the tax is: After the project generates tax revenue, we will take the tax of last year as a base and presume the tax of the current year according to the average growth rate of the first three years. The newly added tax , which is higher than the average growth rate will be regarded as the tax of the new projects.[formula: the commissioning of new projects= all taxes of tax corporate enterprises –the tax of last year×(1 +the tax average growth rate of the first three years)] If you enjoy corporate contribution award, you can't enjoy this policy.

3. Investment projects at the county level administrative charges will be waived, and the service charges a higher level prescribed minimum standards.

## III、 Related preferential policies:

1. County Development Zone is responsible for coordinating the supporting system, such as road, electricity, water supply, drainage, communication, gas, broad network, and land leveling and so on.
2. Developing customer -oriented activity of the bank and enterprise cooperation deeply, guaranteeing the credit aid of Customer Investment Company and implementing the prime rate. The government monetary coordinating offices will make good job of credit for the enterprise that has the favorable credit condition.

3. Recommending customer investment program actively to get the nursery finance from nation or province in structural adjustment, energy-saving and emission-reduction, circular economy, technical betterment, the commercialization of research findings and technological innovation.
4. Public security organization would help them settle down here and make the Temporary Residential Permit freely according to the company certificate for the families of the migrant workers from the attracting investment company. The children of the migrant workers from the company would enjoy the same treatment as the local residents when they enter school and kindergarten without paying extra charge.
5. The government would form the leading group headed by the county-level chief to follow and serve for the big project with over 0.5 billion, strong leading power and high technology on the principle of 'One Matter , One Discussion'.
6. Strengthening the follow- up service. The unit would provide service in an all- round way on the principle of 'who attracting, who responsible; who serving, who rewarded'.
7. The project with over 100 million which is attracted by towns, sub district offices and county-related departments would settle down in economic development zone.

#### IV、 the cost of production

1. Housing cost: Plant material: generally 500 to 800 yuan(RMB) per square metre  
Office building of frame structure: 1200 to1300 yuan(RMB) per square metre  
Non frame structure: 900 yuan (RMB)per square metre
2. Rental housing: generally 5 to 9 yuan (RMB)per square metre per month
3. The wages of the workers:1500 to 2000 yuan (RMB)per month
4. Electricity cost: residential electricity: 0.5469 yuan(RMB) per kilowatt-hour  
Industrial use of electricity : 10KV : 0.7874 yuan (RMB)per kilowatt-hour  
35KV :0.8024 yuan (RMB)per kilowatt-hour
5. Water cost: residential water: 2.9 yuan (RMB)per square metre  
Industrial use of water: 3.5 yuan(RMB) per square metre
6. Broadband: free installation, the single user fees is 60 yuan(RMB) per month.  
Monthly cable is 600 yuan (RMB)per month (the number of the users isn't limited)
7. Cable television charges:132 yuan(RMB) per year
8. Heating: 21yuan per square meter for daily life
9. Natural gas: 2.3yuan per cubic for residents. Industrial gas:2.75 yuan(RMB) per cubic in principle,but major project can consult preferential.
10. Freight transportation costs: 0.25 yuan (RMB)per ton per one kilometer