

The Actual Paid Foreign Investment in 2007 Increased by 11.4% in Shanghai

In 2007 there are 4,206 approved projects in Shanghai, increased by 3.6% with contractual foreign investment of \$14.869 billion, increased by 2.03%. With the real estate factors excluded, the contractual foreign investment increased by 12.3%. The capital increase throughout the year was \$9.132 billion, accounting for 61.4% of the total investment, increased by 15.3%.

In 2007, the actual paid foreign investment was \$7.92 billion, increased by 11.4%, the highest increase rate in recent three years.

By December 2007, there were all together 48,753 approved foreign-funded enterprises in Shanghai with contractual foreign investment of \$129.404 billion and actual paid investment of \$74.683 from 130 countries and regions (4 more than the previous year).

I . Main Features

1. The second industry stopped to increase; advanced manufacturing industry becomes the main increase source

There were all together 806 approved projects of second industry in Shanghai with contractual foreign investment of \$5.246billion, accounting for 35.3% of the total investment, increased by 9.6%. Among them, there were 790 approved manufacturing projects with contractual foreign investment of \$5.136 billion, accounting for 34.5% of the total contractual foreign investment of Shanghai, increased by 9.7%. The advanced manufacturing industry has become the major drive force of the second industry. For example, the increase rate remains rather considerable for computer and other electronic equipments, pharmaceutical industry, chemical materials and chemical preparations, etc.

2. Rapid development of modern service industry; orderly development of real estate industry

There were all together 3,395 approved service projects, increased by 14.6% with contractual foreign investment of \$9.587billion. If the real estate factors are excluded, the increase rate shall be 14.3%. Under the macro control of 2007, the real estate industry was developed under control. There were all together 68 approved real estate projects with contractual foreign investment of \$2.687billion, accounting for 28.0% of the service industry. The modern service industry continues to show the tendency for increase. For example, the contractual foreign investment of information communication, computer service and software industry was \$750 million, increased by 40.4%; there were considerable increase in the hotel and catering, financial service, transportation and warehousing industry.

3. Capital increase become the important support of use of foreign investment

In recent years, the capital increase of foreign-funded enterprises has become the important

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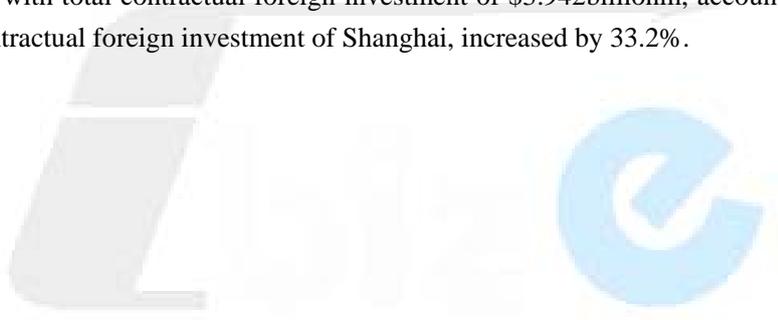
support of use of foreign investment. Due to the stimulus of the new tax law (the tax refund for re-investment of profit for foreign-funded enterprises will be cancelled in 2008), the capital increase of foreign-funded enterprise increased rapidly in 2007. The amount of foreign capital increase in 2007 of Shanghai was \$9.132billion, increased by 36.0%, accounting for 61.4% of the total increase, with increase of 15.4 points compared with the year 2006.

4. Sound development of headquarter economy

In 2007, there were 79 approved functional projects in Shanghai, 15 investment companies, 34 R &D center, 30 headquarters. By the end of 2007, there has been 593 approved functional projects, 165 investment companies, 244R & D centers, 184 headquarters (16 headquarters of state level)

5. projects with investment of \$10 million remain playing the leading role

In 2007, there were 260 approved projects with investment of \$10 million, total contractual foreign investment of \$11.009billion, accounting for 74% of the total contractual foreign investment, increased by 4.5%. Among them, there were 107 manufacturing projects with over \$10 million with total contractual foreign investment of \$3.942billionm, accounting for 26.5% of the total contractual foreign investment of Shanghai, increased by 33.2%.



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