Invitation to Taizhou Automobile Industry Trade & Investment Seminar

Taizhou, located along the central coastline of Zhejiang Province, southern part of the Yangtze River Delta Economic Zone, is the cradle of Chinese joint-stock cooperative system and the birthplace of first private-owned auto company in China. It was nominated as the pioneer of national export bases of automobile and parts by National Development and Reform Commission and Ministry of Commerce. There are four whole-vehicle manufacturers named as Geely, Gac Gonow, Yongyuan and Biaoma and more than 6000 auto and parts manufacturers in Taizhou. Taizhou has developed a relative mature and complete industry chain covering from automobile, parts and auto supplies. By the end of 2013, there are more than 318 automobile and parts manufacturers above designated scale and reach a total industry output of 33.91 billion yuan.

In order to further international communication and mutually beneficial corporation, Taizhou Municipal People’s Government will hold a seminar on automobile industry in Shanghai Howard Johnson Hongqiao Airport Hotel on Oct.19th.

We cordially invite your participation and sincerely look forward to seeing you!

Contact: Ms. Yongjing Wu(Miranda), Project Manager of the Organizing Committee of China International Auto Products Expo(CIAPE), QQ: 2112049209, Tel:010-68991903, Mobile: 18601105514, Email: enquiry@iapechina.com

2014-8-15

-----------------------------------------------

Receipt

<table>
<thead>
<tr>
<th>Name</th>
<th>Company</th>
<th>Position</th>
<th>Contact Information</th>
<th>Interest/Intension</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

|      |         |          |                     |                    |
|      |         |          |                     |                    |
Appendix I: Introduction to automobile and parts industry in Taizhou

Automobile and parts industry in Taizhou started in the beginning of 1980s. Through 30-year development, brilliant achievements have been made. Thus, Taizhou enjoys high influence and popularity in both China and foreign countries. It now has become a production and export base for automobiles and parts in China.

I. Development status of automobile and parts industry in Taizhou

In automobile making field, Taizhou owns 4 auto manufacturers such as Geely, Gonow, Yongyuan and Biaoma. At the end of 2013, the whole city owned 318 automobile and parts enterprises above the designated size, 63000 employees in the industry and completed gross industrial output value of RMB 33.906 billion, including the value of export delivery of RMB 6.728 billion. The three units (automobiles, parts and auto accessories) form relatively mature and complete industry chain.

1. Automobile industry. At present, Taizhou has 4 auto manufacturers and forms the production pattern dominated by economical cars and supplemented by pickup truck, SUV, truck and city SUV. In 2013, the auto output was 142500. Geely Holding Group owns Linhai and Luqiao based in the city, where Linhai production base manufactures Panda series cars, and Luqiao production base manufactures King Kong series cars. Since Zhejiang Gonow Automobile Co., Ltd. joined the automobile production field in March 2004, it has manufactured gasoline and diesel pickup trucks as well as SUV, and has formed certain production scale. Zhejiang Biaoma Group started in the end of
the last century and once occupied certain market share in production of agricultural vehicles, cargo trucks and other special vehicles. The production base of Zhejiang Yongyuan Group with annual output of 20000 SUVs has formed.

2. Parts industry. Benefiting from developed and active private capital, Taizhou forms more than 6000 various manufacturing enterprises for auto parts and accessories. Auto manufacturers are distributed by surrounding auto parts enterprises. So, the layout is rational and the local characteristic products form is significant. Machinery parts and components are mainly produced in Wenling and Yuhuan in the south. Yuhuan County is the most concentrated area of auto parts production, where there are over 200 enterprises above the designed scale. The product categories basically cover automobile machinery products. Thus, it is rated as automobile and motorbike parts production base in China by China Association of Automobile Manufacturers. In the northwest, there are three production areas for auto accessories and rubber parts in Tiantai, Sanmen and Xianju, where Tiantai County is awarded as Chinese automobile accessory production base by China Association of Automobile Manufacturers. Jiaodong District has sealing elements, motors and other preponderant products. Huangyan District owns automobile plastic parts, lamps and moulds. Luqiao District possesses engines, transmissions, frames and water pumps. Linhai City has engines, pipelines and other preponderant parts. Wenling and Yuhuan own transmissions, shock absorbers, steering wheels, pumps, rocker arms and other mechanical preponderant products. Tiantai, Sanmen and Xianju have thermal systems, seats, decorating parts and rubber products.

3. Auto accessory industry. Auto accessory production in Taizhou started in middle 1970s when export wooden ball hard seats were mainly produced. In middle 1990s, as auto decoration industry shifted, Taizhou started to produce soft seats and chair covers. So far, auto accessories in Taizhou almost cover all products of automobile post-decoration market and even extend to traffic safety products. Main products include 6 series and nearly 1000 varieties such as soft and hard automobile seats, massage cushions, chair covers, steering wheel covers, automobile and ship covers, rubber foot pads and sunshades. In 2013, Taizhou realized total industrial output value of RMB 12 billion. In recent years, with booming development of auto accessory industry in Taizhou, auto accessory
II. Development prospect and opportunity of automobile and parts industry in Taizhou

1. Stable demands growth of Chinese and overseas. As automobile demand in China increases and automobile production capacity boosts continuously, China has become a large country in terms of automobile production and consumption. The production support for annual production of 10 million of automobiles and maintenance support for hundreds of millions of car ownership provide wide space and market opportunities for auto parts industrial development. From the international perspective, China has become a significant procurement base for international automobile manufacturers, important auto parts for world auto parts and new product R&D and test base. Transnational automobile giants reduce self-supply of parts and accelerate global procurement pace one after another. Automobile accessory industry in Taizhou has the experience in receiving foreign investment, cooperation, advanced manufacturing technology and management. The position in global parts supply chain makes it has more outstanding opportunities. The People's Government of Zhejiang Province also listed automobile and motorbike parts industry in the first batch of demonstration zones to transform and upgrade massive economy to industrial cluster in 2012. This expands new development space and provides opportunities for automobile accessory industry in Taizhou.

2. Continuous expansion of brand awareness. Through 30-year development, overall scale of automobile accessory industry in Taizhou gas grown continuously, and a batch of excellent enterprises with certain popularity and influence in the industry have emerged. In particular, after Geely purchased Volvo, global popularity of Taizhou automobile improved. Parts products are famous for complete varieties in China and foreign countries. Such parts as car transmission, rubber seal, shock absorber, electric wiper, oil cooler and automobile hub occupy a large market share in Chinese market. Parts products of multiple enterprises enter finished automobile supporting system of Volkswagen and Honda. Auto accessories form two major production bases: export-dominated
production base in Tiantai and China-dominated production base in Xinhe.

3. Gradual appearance of cluster feature. Automobile accessory industry in Taizhou forms a complete industry chain, including finished automobile production, parts production and raw material supply and forms scale production and professional labor division in each link. In recent years, intermediary organizations serving automobile industry have been on the rise. A batch of public service platforms are set up in Taizhou such as Taizhou industrial service center for automobile and parts and Automobile and Motorbike Research Institute of Taizhou Research Institute under Zhejiang University. Automobile industrial cluster in Taizhou has formed preliminarily. Cluster effect has appeared preliminarily, continuously enhanced and upgraded.

4. Significant advantage of industrial support. Automobile-related industries in Taizhou own strong strength and manufacturing capacity. Among industrial products in the whole city, mechanical products account for 50% in the whole manufacturing industry. For mechanical parts of auto industry in Taizhou, raw material delivery, casting, finish machining, cold heading, heat treatment, electro facing, assembly, packaging and other supporting production systems are perfect. Socialized labor division and cooperation have formed. Moreover, developed plastics, mould and rubber industries provide powerful support for development of auto industry.

Appendix 2: Profile of Taizhou

Located in south-east coastal area in Zhejiang province and the south of Yangtze River Delta Economic Zone, Taizhou covers a land area of 9411km² with 745km long coastline and a permanent resident population of 6 million. Taizhou has a long history, but it is a young city. It is the birthplace of Xiatang culture in the Neolithic Age (5000 years ago). In the fifth year of Tangwude, it was named after Tiantai Mountain and has a history of 1400 years. In August, 1994, Taizhou was set up to a city and governed 3 districts, 2 county-level cities and 4 counties.

Since the reform and opening-up, Taizhou has dared to be the pioneer on the market. Thus, the first stock cooperative enterprise was born in Taizhou. By virtue of strong vigor of private economy, Taizhou is rapidly among the list of coastal developed cities. In recent years, Taizhou has gained the titles such as national-level excellent innovative city, the best commercial city, financial ecological
city, brand economic city, advanced city with good quality, intellectual property pilot city, excellent tourism city and national e-commerce demonstration city. It is in the first batch of national automobile and parts export base, technical innovation base for China biological medicine, China important plastic mold production and export base, production and export base for household appliances and refrigeration accessories, production and export base for clothing machinery, production and export base for valves and water pumps, foreign trade transformation and upgrade demonstration base for national-level outdoor leisure goods and ship building and export base.

In 2013, the whole city realized total output value of RMB 315.334 billion, general financial revenue of RMB 44.847 billion and local financial revenue of RMB 24.773 billion, fixed asset investment of RMB 150.8 billion, total retail sales of consumer goods of RMB 144.927 billion, total foreign trade value of USD 21.99 billion, urban per-capita disposable income of RMB 37080 and rural per-capita net income of RMB 16126.

Developmental features and advantages of Taizhou mainly include the following three aspects:

Firstly, the largest feature is private economy, with sufficient innovation vigor. Taizhou is the birthplace of stock cooperative economy in China. The first stock cooperative enterprise registered in Department of Industry and Commerce and the first policy document supporting development of stock cooperative enterprises in China are born in Taizhou. Besides, the first private automobile enterprise, the first stock expressway and the first farmers’ professional cooperative registered in Department of Industry and Commerce are also born in Taizhou. Through over 30-year development since the reform and opening-up, private economy accounts for at least 90% of total output value and over 70% of fiscal revenue and solves 80% employment. In 2008, Taizhou was listed in comprehensive supplementary reform pilot city of innovative development of provincial-level private economy by Provincial Committee of Zhejiang and provincial government. With such opportunity, Taizhou issued The decision on accelerating comprehensive supplementary reform pilot city of innovative development of provincial-level private economy, enhanced exploration of enterprise stock right reconstruction, element market-oriented reform and administrative management system reform, boldly tried to make an innovative demonstration zone for Chinese
private economy.

Secondly, the largest highlight is massive economy based on manufacturing industry with strong industrial supporting ability. Taizhou is a significant industrial production and export base in China. Massive economy based on manufacturing industry has accounted for more than 60% of total industrial output value in the city. For example, medical chemical engineering and sewing equipment in Jiaojiang, leisure goods and sun glasses in Linhai, pump industry, shoes and hats in Wenling, valves, furniture and glasses accessories in Yuhuan, moulds, plastic products and canned food in Huangyan, motors, auto spare parts and sprayers in Luqiao, rubber and auto accessories in Tiantai, medical chemical engineering and craft gifts in Xianju as well as rubber goods in Sanmen. The massive economy plays an important role in enhancing professional labor division and cooperation, optimizing resource elements allocation, absorbing labor force for employment and improving industrial competitiveness. As of the end of 2013, there had been 30 listed companies in the whole city, ranking the fourth place in Zhejiang province; there had been 21 small and medium enterprise board listed companies, ranking the 8th place in Chinese cities; there had been more than 20 massive characteristic economies with the scale more than RMB 10 billion. Taizhou owns the first batch of national-level automobile and parts export bases in China. Besides, Taizhou owns 48 national-level industrial base titles such as technical innovation base for China biological medicine, “mould village in China”, “the city of plastic daily necessities in China”, “the city of valves in China” and “the city of sewing equipment in China”.

Thirdly, the largest advantage is coastal industrial belt, with large development space and large potential. Taizhou is a large ocean city, with rich ports, islands, energy, fishery industry and tourism resources. The territorial sea and internal water area is about 6910km². Mainland coastline is 631km long. The planned port shoreline is 156km long, including 91km port shoreline where 10000t level ports can be built. There are 729 islands with the area exceeding 500m². The total area of shoals is 449km². In recent years, Taizhou has adhered to the working policy of “flourishing industry with ports, land and sea cooperation, space expansion and rational development” to promote marine economy development. Currently, according to the development goal of “laying a foundation within
3 years, making great progress within 6 years and displaying a new appearance within 10 years”, Taizhou is planning to construct costal industrial belt with the total area of about 760km$^2$. For instance, Longmen Port located in the north of Taizhou Bay owns 200000t-level large deepwater berths and 91km$^2$ intertidal zone resource, with the designed throughput capacity of 168 million of tons. When the port is opened at the end of 2014, a new development platform will be set up for Taizhou. Besides, new opportunities will be provided for Taizhou.