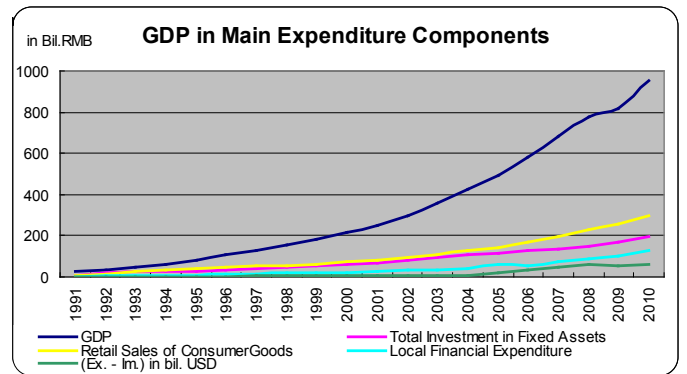
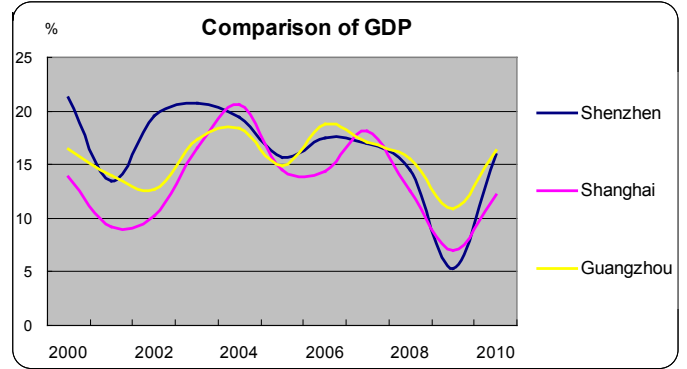
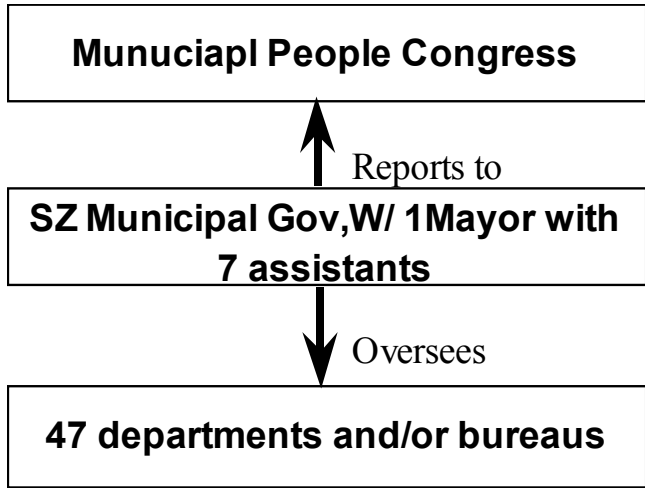


Macro Environment Study of Shenzhen

Executive Summary

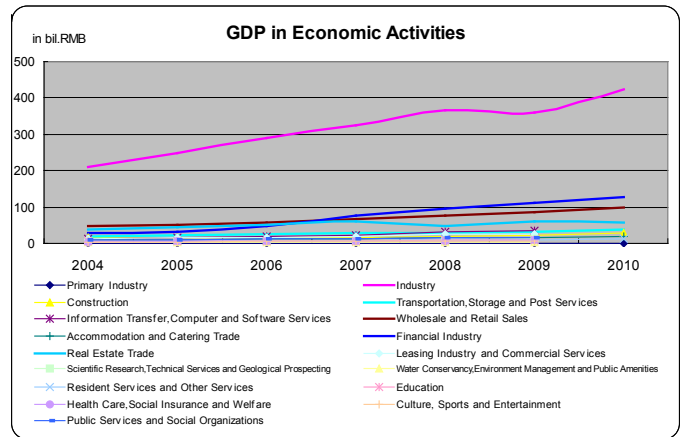
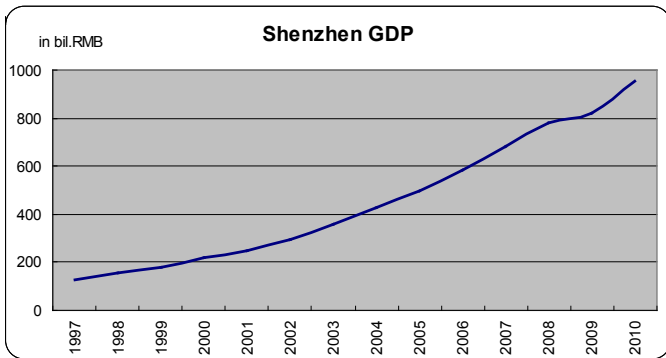
1 Macro Pictures of Shenzhen

1.1 Political Framework



2 Economic Scenario

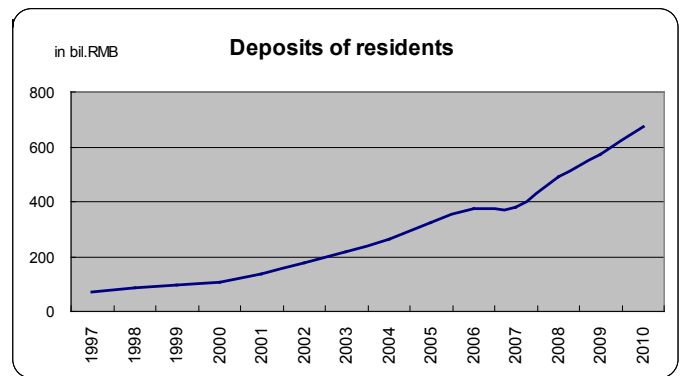
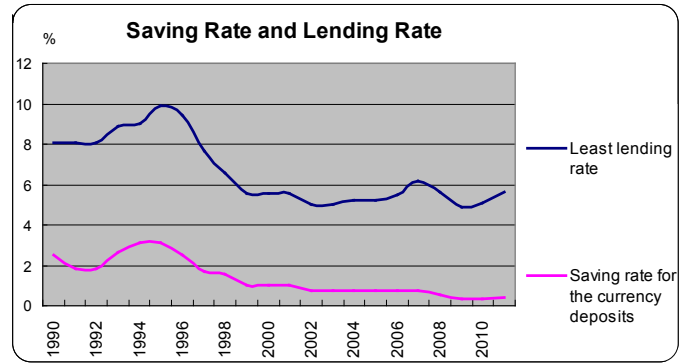
2.1 Gross Domestic Production (GDP)



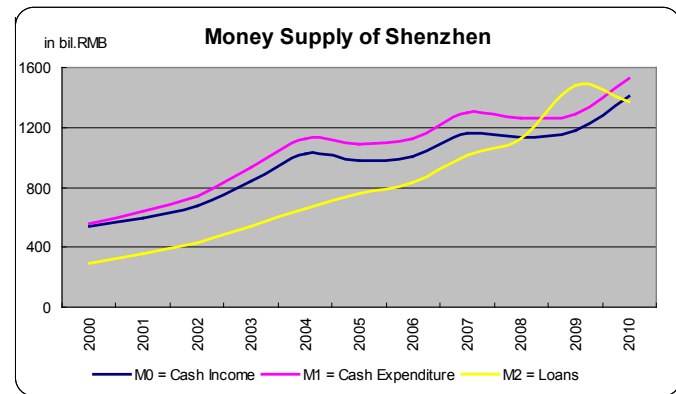
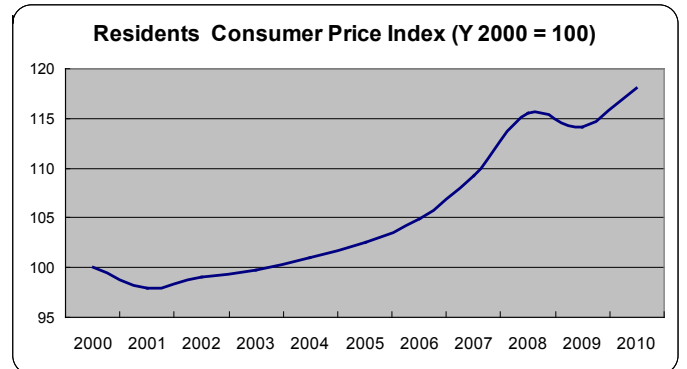
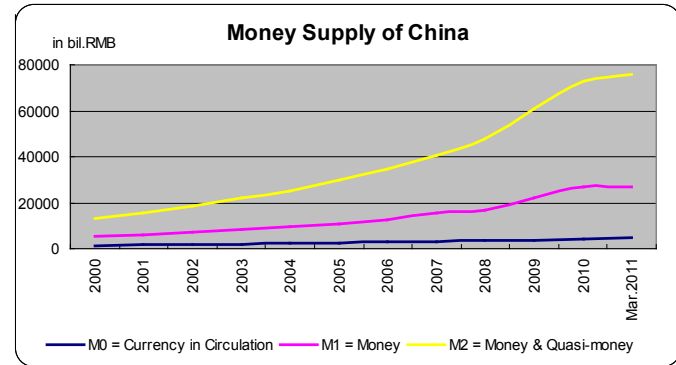
2.1.1 HR in Shenzhen

Industries (2009)	Number of Staff
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Leasing Industry and Commercial Services	108 113
Banking and Insurance	83 265
Education	69 483
Accommodation and Catering Services	65 081
Health Care, Social Insurance and Social Welfare	48 740
Information Transfer, Computer and Software Services	44 025
Scientific Research, Technical Services and Geological Prospecting	41 695
Water Conservancy, Environment Management and Public Amenities	21 681
Electricity, Gas and Water Production and Supply	17 568
Resident Services and Other Services	16 653
Culture, Education and Entertainment	16 606
Farming, Forestry, Animal Husbandry and Fishery	3 846
Mining and Quarrying	1 230

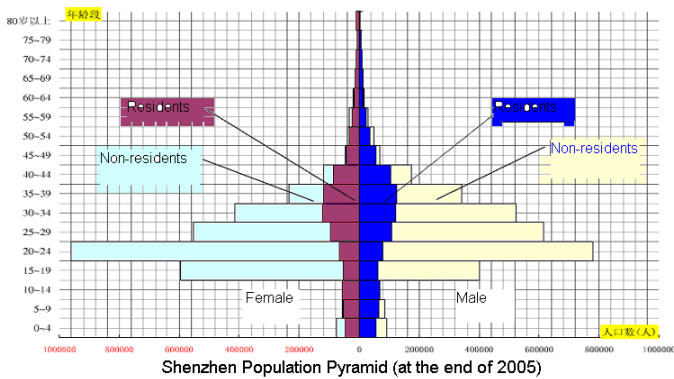
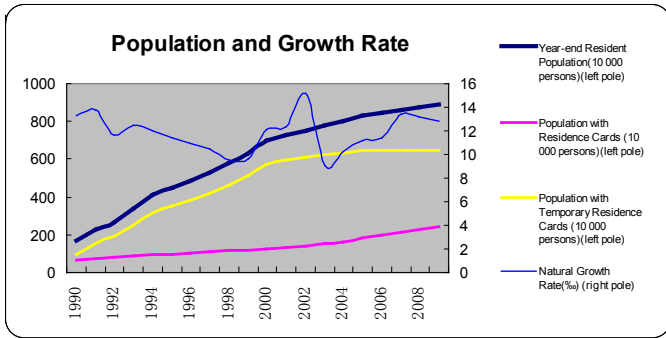
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Banking and Insurance	140 037
Mining and Quarrying	103 152
Public Services and Social Organizations	84 947
Health Care, Social Insurance and Social Welfare	83 300
Education	80 083
Electricity, Gas and Water Production and Supply	77 806
Scientific Research, Technical Services and	74 347
Information Transfer, Computer and Software Services	69 148
Transportation, Storage and Post Services	53 454
Culture, Education and Entertainment	49 833
Professional Technology Services Water Conservancy, Environment Management	43 295
Wholesale and Retail Trade & Catering Services	41 951
Leasing Industry and Commercial Services	40 845
Real Estate Trade	37 064
Farming, Forestry, Animal Husbandry and Fishery	36 742
Construction	35 922
Manufacturing	34 706
Environment Management	28 574
Accommodation and Catering Services	26 240



2.2 Money Supply, Interest Rate & CPI



3 Population



Education level of Shenzhen non-residents (2006)

Education Level	Quantity	%	Education Level	Quantity	%
Doctor	2854	0.03	Technology School	276214	2.49
Master	7639	0.07	High School	978769	8.83
Bachelor	130382	1.18	Junior high school	4097191	36.98
College	223332	2.02	Primary school	4789074	43.23
Secondary	329502	2.97	Illiteracy	244197	2.2

4 Social Matter

4.1 Engel Coefficients

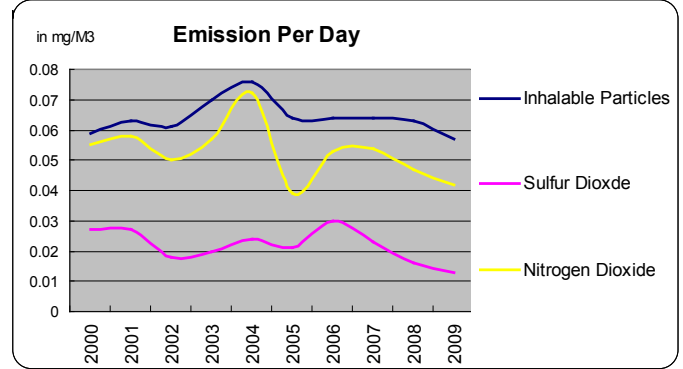
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Engel Coefficient	0.294	0.289	0.274	0.279	0.316	0.334	0.333	0.325	0.36	0.35

4.2 Culture Level

	2000	2005	2009
Libraries			
Number of libraries and reading room	9	8	617
Volume (10,000)	231.1	498.6	1495.4
Performances and Exhibitions			
Film Projection Units (unit)	201	59	85
No. of audiences (10,000)	235	410	1302

5 Natural Environments

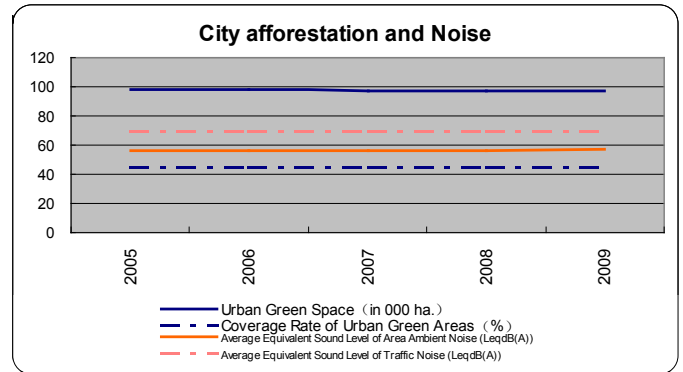
5.1 Air



5.2 Water

Longgang River grade II level water
Other rivers grade V level water

5.3 City afforestation and Noise



Original Contents

Introduction

This is a study in evaluating the present situation in Shenzhen in a macro view. Although Shenzhen is not one of the four municipal cities of China, it is one of the special economy districts. In the 1980s, state government approved Shenzhen, Zhuhai, Shantou and Xiamen to become the special economy districts. (Source: www.todayonhistory.com/3/24/ZhongGongZhongYangMingMingShouPi-JingJiTeQu.html) Today, similar to Shanghai, Shenzhen is the financial and logistical center in Southern China while Shanghai is the Northern one.

Methodology

The macro-survey includes 5 areas. They are Political, Economic, Population, Social and Natural Environments. Some variables and the corresponding quantifiers are listed out at the start. Data from these perimeters are collected and analyzed in an objective manner. The following sections are going to discuss these issues.

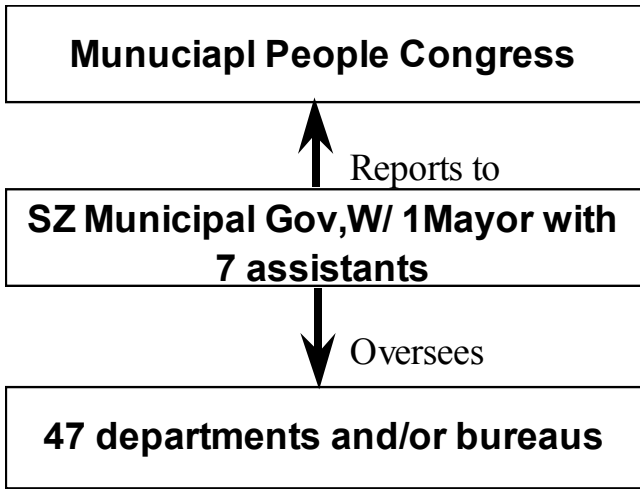
1 Macro Pictures of Shenzhen

1.1 Political Framework

The Mayor of Shenzhen Municipal Government is the key person who leads the whole Shenzhen Municipal Government. In early time, the person who represented the CCP in the municipal level also acted as the Mayor of Shenzhen. After year 1990, the situation changed. (Source: www.eetell.com/rwzf/rytq/tell_1741.html) The person who represents the CCP in the municipal level and the Mayor are acted by two persons.

In year 2008, Shenzhen governs six districts and supervises 49 no. of bureaus. The six districts are: Futian, Luohu, Nanshan, Yantian Bao'an and Longgang. Up to year 2011, there are eight districts whose names are Futian, Luohu, Nanshan, Bao'an, Yantian, Longgang, Guangming and Pingshan and 47 departments and/or bureaus. (Source: <http://www.shenzhen.gov.cn/cn/xxgk/jgsz/>) table 1 summaries the governmental structure.

Table 1



Source: www.shenzhen.gov.cn/cn/xxgk/lscy/

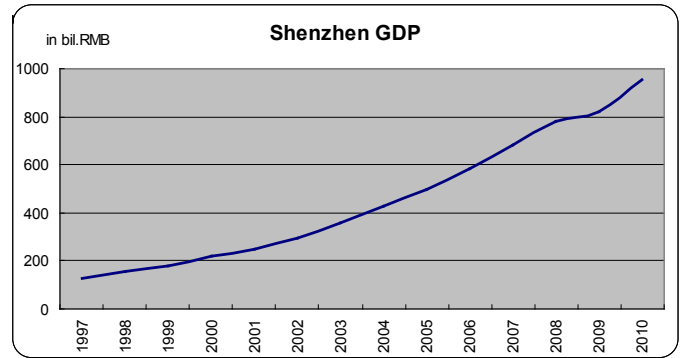
2 Economic Scenario

2.1 Gross Domestic Production (GDP)

The economic aspect is to look at GDP, money supply and CPI of Shenzhen. Through these three factors, a brief and essential economic picture of Shenzhen can be described.

GDP is a very significance factor that measures economic activities of a place. The GDP diagram is shown in exhibit 1.

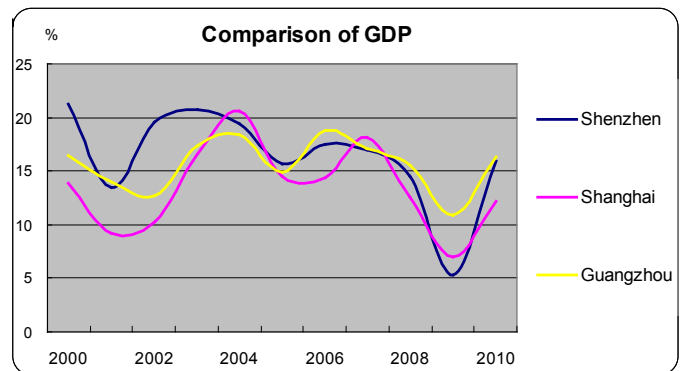
Exhibit 1



Source: www.szjt.com 2011

To get a deeper understanding of this climbing trend, one can look at the year-on-year % changes in these few years as in Exhibit 2. From Exhibit 2, one can observe that in years before 2003, the yr-on-yr GDP % changes of Shenzhen was slightly higher than that of Shanghai and Guangzhou. But in terms of GDP amount, Shanghai doubles that of Shenzhen.

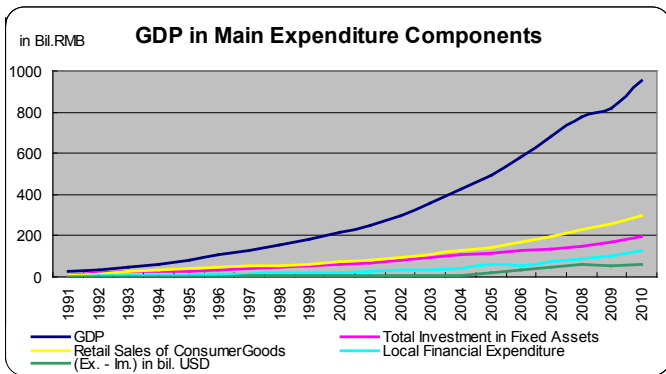
Exhibit 2



Source: www.szjt.com 2011

Exhibit 3 is the GDP value separated by main expenditure. Within the statistic bureau of Shenzhen, the GDP expenditure is not listed. The data are collected by experience while referring other macro reports such as Hong Kong, Beijing and Shanghai.

Exhibit 3

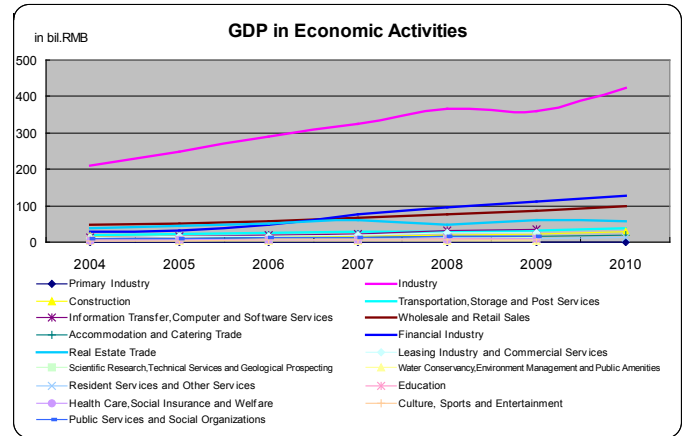


Source: www.szjt.com 2011

Unlike Beijing and Shanghai, although Shenzhen is a fast developing city, the total investment in fixed assets is not the biggest expenditure in this city. On the contrast, the first biggest expenditure in this city is retail sales of consumer goods.

Exhibit 4 is the GDP value separated by economic activities.

Exhibit 4



Source: www.szjt.com 2011

In Chinese cities, manufacturing is the pillar industry. According to exhibit 4, the top five industries in Shenzhen are manufacturing industry, financial industry, wholesale & retail sales industry, real estate trade industry and transportation, storage & post services industry. In the annual public report 2010, government announced that the pillar industries in this city were financial industry, logistic industry, culture related industry and hi-Tec. industry.

2.1.1 HR in Shenzhen

Table 2 and table 3 will show the HR situation of Shenzhen. Through the tables, readers can see which industry hires most of the employees and which industry offers the most attractive compensation in year 2009.

Table 2

Industries (2009)	Number of Staff
Manufacturing	1 053 642
Transportation, Storage and Post Services	137 382
Wholesale and Retail Trade & Catering Services	126 296
Real Estate Trade	119 876
Construction	116 656
Public Services and Social Organizations	109 768
Leasing Industry and Commercial Services	108 113
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Resident Services and Other Services	16 653
Culture, Education and Entertainment	16 606
Farming, Forestry, Animal Husbandry and Fishery	3 846
Mining and Quarrying	1 230

Source: www.szjtj.com 2011

Table 3

Industries (2009)	Average Yearly Wages (yuan)
Banking and Insurance	140 037
Mining and Quarrying	103 152
Public Services and Social Organizations	84 947
Health Care, Social Insurance and Social Welfare	83 300
Education	80 083
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Accommodation and Catering Services	26 240

Source: www.szjtj.com 2011

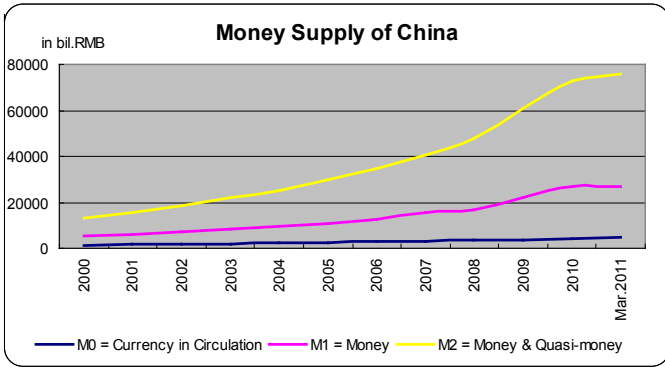
Through table 2, readers can see that people who engage in manufacturing occupy 48% of total. And people who engage in Information Transfer, Computer & Software Services occupied 1/20 of that who are working in manufacturing. In addition, according to table 2, people who engage in Information Transfer, Computer & Software Services, Banking & Insurance industry and logistics industry occupy about 1/4 of that who working in manufacturing.

According to table 3, one can see that although manufacturing industry hires about 48% of total manpower, it offers very low compensation. The last top three compensation providers are Accommodation and Catering Services Industry, Environment Management Industry and Manufacturing Industry. Except Banking & Insurance Industry, the high compensation providers are those institutions who engage in public utilities services and energy supply.

2.2 Money Supply, Interest Rate & CPI

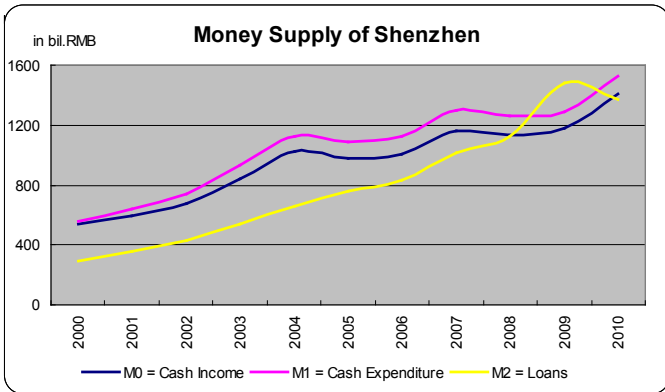
Shenzhen is part of China. So here refer to the money supply system of China so as to indirectly indicate money supply of it. Exhibit 5 is the picture of money supply in China. In addition, Shenzhen is the financial center of Southern China. Exhibit 6 will show the money system of Shenzhen.

Exhibit 5



Source: the People's Bank of China 2011

Exhibit 6

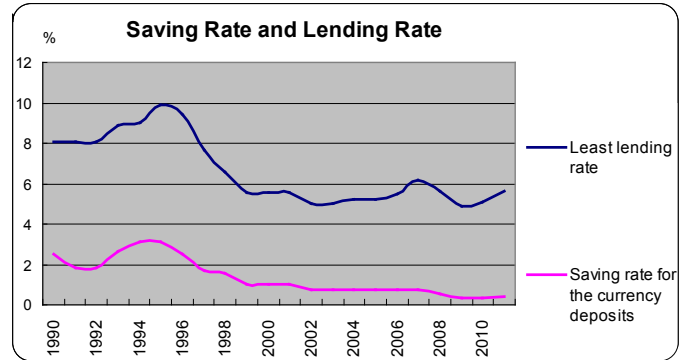


Source: www.szjtj.com 2011

Although Shenzhen is the southern financial center while Shanghai is the northern one, M2 in Shenzhen is quite different from Shanghai. It hints that Shenzhen and Hong Kong have great competition and Hong Kong is a little bit advantage than Shenzhen.

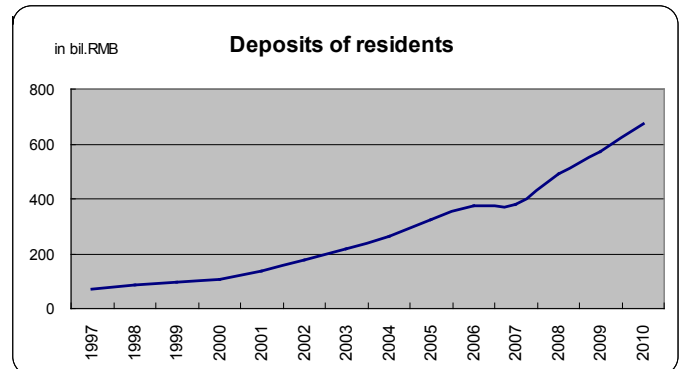
Money Supply is negatively correlated with the change in interest rate. Exhibit 7 is the detail of saving rate and lending rate.

Exhibit 7



Source: the People's Bank of China 2011

Exhibit 8

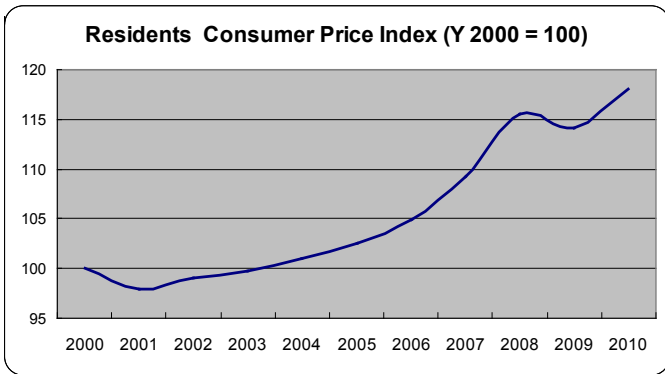


Source: www.szjtj.com 2011

Chinese people always like to deposit their money. According to exhibit 8, year 2006 and 2007 are the years that Chinese capital market is in its flourishing time. Accordingly, the raising rate of residents' deposits decreased in these two years. And after the financial tsunami in year 2008, people have more preference to deposit than before.

Consumer Price Index (CPI) is the reflection of GDP value and money supply. Exhibit 9 is the detail of it.

Exhibit 9



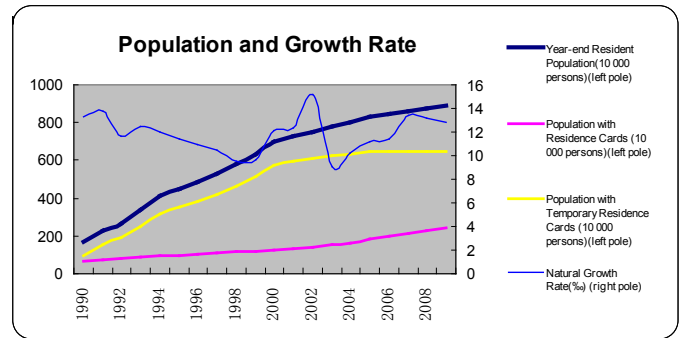
Source: www.szjtj.com 2011

As a fast developing city, the CPI ought to rise up. And comparing with other Chinese cities such as Beijing, Shanghai and Guangzhou, one can find that till now the CPI index has never exceeded 120 while referring the index in year 2000 as 100. But actually, government has never announced detailed indicators such as calculation contents, proportion of each contents and so on.

3 Population

3. 1 Mostly, the situation of population nowadays reflects at least two decades of the economy in a place. Exhibit 10, 11 and Table 4 are the population figure of Shenzhen.

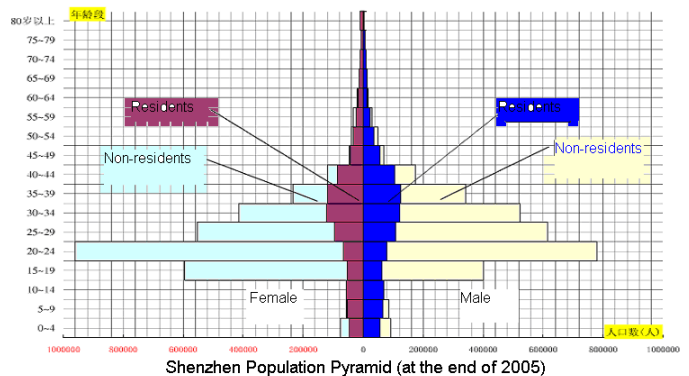
Exhibit 10



Source: www.szjtj.com 2011

According to exhibit 10, one can see that the components of population are population with temporary residence cards mostly. Although they are engaged in building the city, they will leave Shenzhen finally.

Exhibit 11



Source: Shenzhen City Planning Revise (2007-2020)

Topic 6 - 2008

According to exhibit 11, one can see that people who rush in Shenzhen are very young. They will spend their ages from 15 to 34 mostly. So in this young age, they always have less education.

Table 4

Education Level	Quantity	%	Education Level	Quantity	%
Doctor	2854	0.03	Technology School	276214	2.49
Master	7639	0.07	High School	978769	8.83
Bachelor	130382	1.18	Junior high school	4097191	36.98
College	223332	2.02	Primary school	4789074	43.23
Secondary	329502	2.97	Illiteracy	244197	2.2

Source: Shenzhen City Planning Revise (2007-2020)

Topic 6 - 2008

According to table 4, it is a reason to explain why manufacturing industry is the pillar industry in Shenzhen. But fortunately, the data was in year 2006. And the Municipal government has taken measures to develop financial industry and Hi-Tec related industry as the important industries.

4 Social Matter

4.1 Engel Coefficients

There is no Gini Coefficient survey data found for Shenzhen. Instead a coefficient called Engel Coefficient introduced by the United Nations which is adopted by Shenzhen Statistic Department for revealing the living standard and richness of a place is used. Table 5 shows the data.

Table 5

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Engel Coefficient	0.294	0.289	0.274	0.279	0.316	0.334	0.333	0.325	0.36	0.35

Source: www.szjtj.com 2011

According to the explanation of Engel Coefficient, it seems that the society of Shenzhen is in the range between wealth and richness.

4.2 Culture Level

The variables being chosen to describe culture are: no. of culture performance, no. of venue, no. of reading room and library books. It is believed that these factors can reflect the level of participation and culture level in a place.

Table 6

	2000	2005	2009
Libraries			
Number of libraries and reading room	9	8	617
Volume (10,000)	231.1	498.6	1495.4
Performances and Exhibitions			
Film Projection Units (unit)	201	59	85
No.of audiences (10,000)	235	410	1302

Source: www.szjtj.com 2011

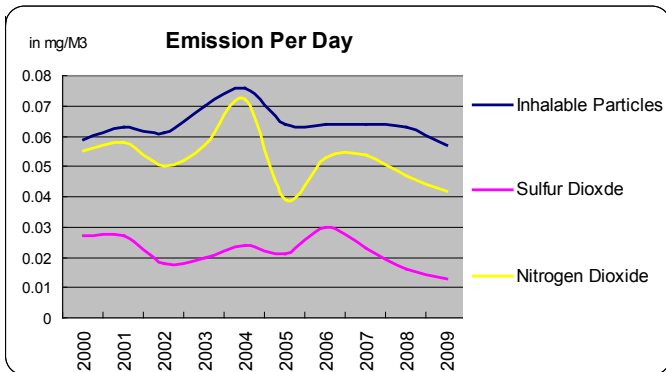
5 Natural Environments

For a long time, Shenzhen was called the back-factory of Hong Kong. Manufacturing industry is the pillar industry in Shenzhen. Exhibit 4 is the provision of it. The longer the situation lasts, the longer the pollution will be.

5.1 Air

Exhibit 12 is the data of air pollution of Shenzhen.

Exhibit 12



Source: www.sz tj.com 2011

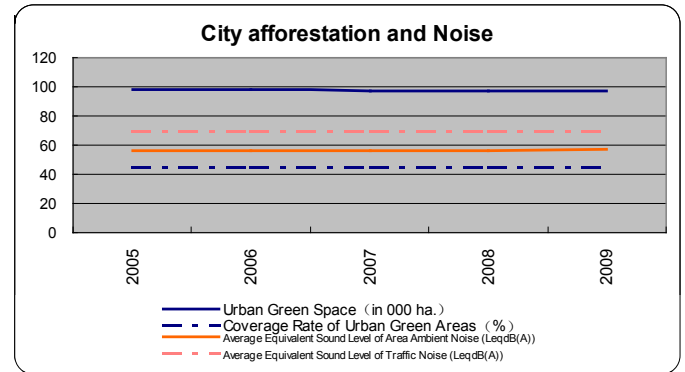
5.2 Water

As a southern city which is close to the ocean entrance, Shenzhen has many rivers running across it. There are at least 11 rivers in Shenzhen. But among them, only Longgang River has grade II level water. The other rivers only have grade V level water. (Source: szhec.gov.cn 2011)

5.3 City afforestation and Noise

As a modern international city, Shenzhen government pays more and more attention in greening the environment and decreasing noise.

Exhibit 13



Source: szhec.gov.cn 2011

Conclusion

Shenzhen is a place near by Hong Kong. Although it has 1991.64 square kilometers, the population density of it was 4475 person / sq.km in year 2009. It is one of the five special economy districts from 1980 due to its special location.

Comparing with Beijing and Shanghai, one can easily find that the statistic bureau does not pupilage the data as clear as Beijing and Shanghai. It may be that the other departments do not respond as clear as Beijing and Shanghai.

Although Shenzhen is close to Hong Kong and acts as the southern financial center while Shanghai is the northern one, financial industry in Shenzhen is not a very outstanding industry. Contrarily, manufacturing industry is.

Shenzhen is a city welcoming new comers. But actually, new comers are low education persons mostly. The advantage of these new comers is youth. They are average at the age of 17-34.

Comparatively, Shenzhen government does not pay much attention on environment protection. The data about environment protection has not changed in a large range.

According to table 5, comparing with year 2000, people live in Shenzhen must face the problem of expensive living cost.

– End of Report –

By: Jade Xuan
Analyst
(July 2011)

Jade Xuan**Disclaimer**

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