



# CHINA • SHANGHAI

HIGHLIGHTS OF THE FOREIGN  
DIRECT INVESTMENT POLICIES

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# CHAPTER 1

## Introduction to the Latest Investment Policies





**1.1 Opening of Market Access**

**1.2 Investment Promotion**

**1.3 Trade Freedom**

**1.4 Operational Support**

**1.5 Investment Protection**

**1.6 Sci-tech Innovation**

**1.7 Talent Support**



# OPENING OF MARKET ACCESS



## NO.01

**China adopts the management model of pre-establishment national treatment with a negative list for foreign investment.** “Pre-establishment national treatment” means that giving foreign investors and their investments will be granted a treatment not less favorable than the treatment granted to Chinese domestic investors and their investments at the initial entrance stage of their investments. A “negative list” means the special management measures imposed by the country on foreign investments in specific sectors. China accords national treatment to foreign investments outside the negative list.

## NO.02

**Greater opening-up of the transportation industry:** We have lifted the restriction that domestic shipping agencies must be controlled by the Chinese side.

## NO.03

**Greater opening-up of the infrastructure industry:** We have lifted the restriction that fuel gas and heat supply pipe networks in a city with a total population of more than 500,000 must be controlled by the Chinese side.

## NO.04

**Greater opening-up of the cultural industry:** We have lifted the restriction that movie theaters and performance brokers must be controlled by the Chinese side.

## NO.05

**Greater opening-up of the information transmission, software and information technology service industries:** We have lifted the restriction on foreign shareholding ownership ratio in 3 services, namely, domestic multi-party communications, store-and-forward and call centers.

## NO.06

**Greater opening-up of the agriculture, forestry, animal husbandry and fishery industries:** We have lifted a ban on foreign investment in the development of wild animals and plants.

## NO.07

**Greater opening-up of the mining industry:** We have lifted the restriction that the exploration and development of oil and natural gas must be carried out by means of joint venture and cooperation and a ban on foreign investment in the exploration and exploitation of molybdenum, tin, antimony and fluorite.



## NO.08

**Greater opening-up of the manufacturing industry:** We have lifted a ban on foreign investment in the production of rice paper and ink stick. A foreign investor can establish two or less joint ventures that manufacture similar CBU products in China (The restriction on foreign shareholding ownership ratio in the manufacturing of commercial vehicles will be lifted by 2020. The restriction on foreign shareholding ownership ratio in the manufacturing of passenger vehicles and the restriction that a foreign investor is only allowed to establish two or less joint ventures that manufacture similar CBU products in China will be lifted by 2022).

## NO.09

**Foreign insurance group companies are allowed to establish foreign-invested insurance companies in China:** Specific management measures will be formulated by the insurance regulatory body under the State Council in accordance with the principles set out in the Regulations of the People's Republic of China on the Administration of Foreign-Funded Insurance Companies and the Regulations of the People's Republic of China on the Administration of Foreign-Funded Banks revised by the State Council.

## NO.10

**Foreign banks** are allowed to establish wholly foreign-owned banks and foreign bank branches simultaneously or establish Sino-foreign joint venture banks and foreign bank branches simultaneously in the People's Republic of China. A foreign bank branch is allowed to absorb fixed-term deposits of no less than RMB 500,000 per trade from Chinese residents.

## NO.11

**Measures on further opening-up in financial sectors involving banking, insurance, securities traders, asset management and credit rating:**

- ◎ Foreign-funded institutions carrying out credit rating services in China are allowed to rate all types of bonds on the Inter-bank Bond Market and the Exchange Bond Market.
- ◎ Encourage overseas financial institutions to participate in the establishment and investment of financial subsidiaries of commercial banks.

- ◎ Allow the overseas asset management institutions to establish a financial management JV company controlled by the foreign side with subsidiaries of Chinese banks or insurance companies.
- ◎ Allow the overseas financial institutions to invest or have a stake in the pension management companies.
- ◎ Foreign investors are encouraged to establish wholly foreign-owned or have a stake in the money brokerage companies.
- ◎ The transition period for relaxing the foreign shareholding limit in a life insurance company (i.e., from 51% to 100%) is brought forward from 2021 to 2020.
- ◎ The limit on foreign shareholding ownership in securities, fund management and futures companies will be removed by 2020, rather than by 2021 as originally scheduled.
- ◎ Lift the restriction that the shares aggregately held by domestic insurance companies in an insurance assets management company must not be lower than 75%; and the proportion of the shares held by all foreign investors in such company is allowed to exceed 25%.
- ◎ The access conditions for foreign-funded insurance companies are relaxed, and the requirement of no less than 30 years of operation period is removed.
- ◎ Foreign-funded institutions are allowed to apply for and obtain the Category-A lead underwriter license for the Inter-bank Bond Market.
- ◎ Further facilitate foreign institutional investors' investment in the Inter-bank Bond Market.
- ◎ Qualified institutions are encouraged to apply for QDII (Qualified Domestic Institutional Investors) and RQDII (RMB Qualified Domestic Institutional Investors) qualifications. The scope of subject qualifications for QDII is expanded to cover investment management institutions incorporated by domestic and overseas institutions by means of sponsorship in this Municipality.

## NO.12

**Relax the conditions for establishment of investment companies by foreign investors:** We have reduced the requirement on the total assets of the foreign investor in the year immediately prior to the application for establishment to no lower than USD 200 million and removed the requirement on the amount of paid-up registered capital or number of invested enterprises in China.



# INVESTMENT PROMOTION



## NO.01

**Benchmarked against globally leading economies in terms of business environment,** we will carry out series of targeted actions with respect to key indicators identified in Doing Business reports by the World Bank so that enterprises will save half of their time and reduce 40% of the formalities on average in respect of the establishment of an enterprise, application for construction permits, and handling of power supply, cross-border trade and property registration procedures.

## NO.02

The enterprises only need one visit to complete more than 90% of the matters required to be approved at both the municipal and district levels.

## NO.03

**Relevant services for the establishment of an enterprise can be accessed via one website.** Based on the integration of enterprises' registration and tax matters, the matters in relation to enterprise establishment (such as making seals, participation in the social security scheme) and services for enterprises (such as housing fund) will be integrated into "One-Window" platform. You can log in one website to make online applications required for the establishment of an enterprise and have access to other services, including appointment with relevant banks to open an account and handling of housing fund matters.

## NO.04

**Promote the "One-Window" service platform for establishment of an enterprise.** All districts are encouraged to optimize their offline services by establishing their respective dedicated service sections corresponding to the "One-Window" platform for establishment of an enterprise in their administrative service centers that meet certain conditions. Once such a section is established, the matters in relation to business license of a newly established enterprise and tax invoice will be handled through one single window.

## NO.05

**Innovative electronic registration.** The "One-Window" platform will offer an electronic registration system, by which applicants can make online applications and the registration authorities can examine and approve the same online with the help of ID verification and electronic signature technologies. An applicant can complete the establishment and registration of a company without submitting any paper documents and obtain an electronic business license without personally visiting relevant authorities for the establishment of a company.

## NO.06

**Promote the use of electronic business licenses.** Relevant market regulatory authorities can issue to all market players electronic business licenses in accordance with applicable national laws and regulations and unified standards. An electronic business license and a paper business license shall have equal legal force, indicating due qualification and capacity of relevant market players. Enterprises may get, download and use such electronic business licenses through smart phone and other smart terminals.



## NO.07

**Optimize the formalities involved in making seals.** On the existing page for making seals on the “One-Window” platform, new features will be added, including offices making seals, types, materials and prices of seals available online. An applicant may visit the relevant office directly to receive the seals after making relevant choices and upon establishment of the enterprise.

## NO.08

**Integrate procedures to submit information of employees in respect of employment and social security.** Such information will be submitted collectively to the “One-Window” platform. An applicant may submit relevant information of its employees simultaneously when submitting the application for establishment of an enterprise. Upon establishment of the enterprise, the registration of employees in respect of employment and social security will be completed as well. The applicant is not required to submit any paper material or obtain any written confirmation.

## NO.09

**Support the use of land by foreign invested projects.** Foreign-invested industrial projects that fall within the encouraged category for intensive use of land will have priority in terms of supply of land. The floor price for such land may be determined at no less than 70% of the minimum price for the industrial land equivalent to the class of land to be used.

## NO.10

**Improve the efficiency and transparency of the examination and approval of the new-built, reconstruction and expansion social investment projects in Shanghai.**

**Classify examination and approval approach.** The existing “one-fits-all” examination and approval approach will be changed. A classified examination and approval and regulation approach will be implemented by classifying projects into “industrial projects”, “small projects” and “other social investment projects”. For an industrial project, any transfer of such a project will include the design scheme

of such project, and such design scheme will be exempted from examination and approval. For a small project, unnecessary appraisals and assessments will be reduced and the time required to examine and approve the design scheme thereof and review the working drawings thereof will be reduced. For other social investment projects, the existing examination and approval procedures and the time required by such examination and approval will be adjusted and optimized.

**Promote restructuring of examination and approval procedures.** The examination and approval procedures for social investment projects prior to construction will be further optimized and integrated into 2 major stages, namely design scheme and construction permit. At each stage, one single authority will act as the leading authority. All applications involved therein will be accepted through a single window where examination and approval involved therein will be processed simultaneously and completed within the specified timeline, and relevant notifications and undertakings will be given accordingly. At the stage of design scheme, the authority in charge of land and resources planning will act as the leading authority in examining and approving the design scheme, mainly including reply approval of the design scheme, land use planning permit and other formalities. At the stage of construction permit, the housing and urban-rural development authority will act as the leading authority, mainly including examination of working drawings, construction project planning permit, construction permit and other formalities. If any inquiry is to be made, each authority in principle must only choose to conduct examinations at either of the stages and make such examinations simultaneously with other authorities, and must not require procedures to be completed by other authorities (if possible) as a condition precedent. The “standard regulations + notification and undertaking + operational and post-operational supervision” approach will be adopted, save for matters that have a material effect on public security or public interests.

**Remove the inquiry on general design documents.** At the stage of reviewing design documents, only the working drawing documents will be reviewed. According to the requirements on relevant drawings, the authority in charge of land and resources planning, health and family planning, transport, traffic police, fire protection, earthquake, water, civil defense, landscaping & city appearance, and meteorology may review design documents in the process of reviewing the design scheme or the working drawing-related design documents or may supervise, inspect, assess or test such documents in the process of construction or inspection and acceptance. In order to guarantee the quality of design documents and improve services of the government at the preliminary stage, the examination and approval authorities must set up and improve a consultancy service mechanism, release the list of matters for consultation and guidance and address any consultation within a specified timeline. A construction entity may consult the competent examination and approval authority prior to the preparation of the design documents for working drawings. The advice given during such consultation will be used as a reference in the examination of the working drawings.



**Explore the possibility to combine multiple assessments into one.** Optimize various assessment procedures and further streamline the procedures involved in environment impact assessment, energy conservation review, transportation impact assessment, health assessment, water and soil conservation plan, flood control assessment and other professional assessments at the preliminary stage of relevant projects. Explore the possibility to combine multiple assessments into one in certain areas by integrating relevant steps involved in relevant assessments and appraisals, accepting relevant applications through one authority, conducting such appraisals and reviews simultaneously, giving integrated feedback, and controlling the cycle thereof.

**Reinforce the bases for planning.** Continue to promote combination of multiple rules. Regional assessments and appraisals will be conducted with respect to matters including lightning risks, water resource demonstration, assessment of geological risks and assessment of safety in earthquakes. Except for special projects, general industrial projects no longer require separate assessment or appraisal. Emphasize on the binding effect of the land grant contracts. Each authority that receives such consultation request will further specify the requirement of management indicators and will fully inform the applicants of relevant bases for management, which shall be incorporated in relevant land grant contracts as conditions precedent to grant of relevant land.

**Improve the examination and review of design scheme.** Except for special projects, the design scheme for a general industrial project will be exempted from examination and approval. For a new project, the authority in charge of land and resources planning will indicate such exemption in the land grant contract. For a reconstruction and expansion project on any land for which relevant enterprise has already obtained land use rights, the authority in charge of land and resources planning will indicate such exemption in the verification of the planning and design conditions. We will improve services of the government at the preliminary stage to provide advice on relevant schemes and further optimize the procedures to merge and combine the examination and approval of such schemes. For the design schemes of other projects, the authority in charge of land and resources planning will take the lead to consult with other authorities in charge of traffic police, transport, and landscaping & city appearance. The opinions of other authorities upon examination and approval shall take the approach of “standard regulations + notification and undertaking + operational and post-operational supervision” . The timeline for the examination and approval of a design scheme (including the approval of land use rights handled simultaneously) shall be reduced to no more than 20 working days. For a small project, such timeline will be 15 working days.

**Promote combined examinations of multiple drawings.** Relying on the current unified digital platform, promote and improve a system to combine examinations of multiple drawings, under which, in addition to the integration of the examinations by the fire protection, meteorology, and other authorities, explore the

possibility to incorporate the examinations by the civil defense, water, earthquake (excluding super high-rise buildings), transport and other authorities. Each examination and approval authority will, based on its legal responsibilities, entrust an agency to conduct centralized examination of the working drawings. Set up a mechanism to simultaneously accept applications for examination of working drawings and construction project planning permit and to issue relevant permits one by one. The timeline for the examination and issuance of a construction project planning permit (including the examination and approval of relevant working drawing handled simultaneously) will be reduced to no more than 25 working days. For an industrial project, such timeline will be 13 working days; while for a small project, such timeline will be 18 working days.

**Simplify the formalities for construction permit.** The examination and approval of construction permit will be changed to formality examination and online handling. The examination of on-site safety and quality assurance measures prior to the approval of a construction permit and the contribution payment for the work-related injury insurance will be changed to relevant notifications and undertakings and post-operational supervision. The timeline for issuance of such a permit will be reduced to no more than 3 working days. For industrial projects and small projects, such timeline will be 2 working days. The contractor agreements prior to the application for relevant construction permits can be registered online directly.

## NO.11

**Promote “one-stop” services combining both online and offline.** Centralize relevant laws and regulations, guidance, specifications, and Q&As in relation to social investment projects covering the whole construction phases so that relevant enterprises can fully understand all policies in relation to construction and management all through one single website. Promote the filing of construction by informing the applicant of all subsequent matters to be examined and approved based on the type of a given project. Promote one-stop (One-Window) offline services for enterprises at each stage to provide comprehensive consultancy services.

## NO.12

**Promote the implementation of the Administrative Measures of the Shanghai Municipality for Notification and Undertaking in Administrative Approval.** Implement a new administrative examination and approval approach, namely “pre-approval undertaking + post-approval inspection” on a broader scale.

## NO.13

**Operate permits required after the issuance of a business license will be further reduced.** Based on the optimization of the access management, further reform will be carried out in respect of 36 matters to be approved by local governments so as to extend the reform separating permits from the business license to all aspects.

## NO.14

**Improve the credit system in relevant industries.** Establish and improve a credit system covering registered professionals and enterprises engaged in construction, engineering surveying, design, construction, supervision and testing. Expand the scope of credit evaluation with respect to relevant enterprises and registered professionals, add more fields and areas in which such credit evaluation applies, and establish a social credit system with industrial credit and enterprises' credit complementing each other and coordinating with each other. In the credit evaluation of relevant enterprises and registered professionals, more demerits will be recorded for any breach of any undertaking or falsification. In case of any severe misconduct, their credit ratings will be degraded, and they may be removed from the construction market in Shanghai. With the help of information exchange with the public credit platform of Shanghai, different authorities will be able to impose joint punishment.



# TRADE FREEDOM



01

**Improve the level of opening-up of cross-border trade in services:** Give full play to the function of China (Shanghai) International Trade Single Window, additionally set up a special zone for trade in services and actively expand the function of export tax refund for trade in services based on the promotion of export tax refund for trade in goods across this Municipality.

02

**Improve the timeliness of customs clearance of exported goods in Shanghai Waigaoqiao Port Area:**

**For the goods exported from Waigaoqiao Port Area and subject to local** customs clearance, the consigner of exported goods whose enterprise credit rating is certified as “high” can independently choose the mode of “prior declaration and inspection and release upon arrival” to go through the customs clearance procedures.

**The declarant can choose to go through the declaration formalities at the** centralized customs declaration point under Shanghai Pujiang Customs at Shanghai Shipping Exchange or at the customs of Shanghai Waigaoqiao Port Area.

03

**Simplify artwork import procedures:**

For those enterprises engaged in bonded storage of works of art, the competent culture and tourism administrative departments will no longer issue approval documents and the customs will no longer examine relevant approval documents in connection with the declaration of goods flowing into/out of the relevant comprehensive free trade zone.

For those enterprises engaged in art exhibitions, displays, import and export of works of art and other business activities inside and outside the comprehensive free trade zone, it shall go through customs supervision formalities on the strength of the approval documents issued by the competent culture and tourism administrative departments. Approval documents issued by competent culture and tourism administrative departments for the same batch of works of art may be used more than once.

04

**Simplify the declaration procedures for products outside the CCC catalog:**

The enterprise can independently determine whether a product is outside the catalogue or not in accordance with relevant laws and regulations, implementation rules and technical standards regarding CCC products and products labeled as energy efficient. For a product that is determined to be outside the CCC catalog, the enterprise shall, at the time of import declaration, declare it by self-declaration and check “outside the 3C catalogue” option in “goods attributes” column in the system’s declaration interface and leave the “product qualification” column blank; for a product that is determined to be outside the catalog of products labeled as energy efficient, the enterprise can declare it by self-declaration at the time of import declaration.

05

**Simplify declaration procedures for cross-border e-commerce retail export:** Allow enterprises to handle customs declaration formalities for retail exports by way of “release after verification against the list and consolidated customs declaration” .

06

**Carry out customs bond insurance business to relieve capital pressure of enterprises:**

Customs bond insurance customs clearance mode can apply to consignees and consigners of imported/exported goods with a credit rating of average and above.

When the enterprise handles the guarantee of tax payment period with the Policy, it shall choose the mode of “customs bond insurance” at the time of declaration and the corresponding electronic data of the Policy. If the customs accept declaration and all the release conditions are met, the customs will release the goods on site. If there are other requirements of the customs, such as control and inspection, relevant regulations shall apply. The enterprise shall, within 10 days from the date when the review of the customs declaration form is completed and electronic tax information is generated, pay taxes through the new generation electronic customs tax payment system. If the enterprise fails to pay the taxes within the said time limit, the customs may cease handling the customs bond insurance customs clearance business for it.

07

**Promote trade freedom:** According to the progress of oil and gas system reform and industrial needs, grant crude oil import qualifications to eligible enterprises in the new area of the free trade zone.

08

**Alleviate short-term capital turnover pressure of parallel car import enterprises and reduce their operating costs:**

“Bonded warehousing of parallel-imported cars” refers to the warehousing and entry and exit of parallel-imported cars conducted by pilot enterprises and warehousing enterprises in a special area specially regulated by the customs in the pilot free trade zone according to the regulatory requirements of the customs.

Parallel-imported car warehousing enterprises shall meet the following conditions: (a) establish a computer management system meeting the regulatory requirements of the customs, which can connect with the customs and submit to the customs the data as the customs required through a data exchange platform or other relevant networks and by virtue of the authentication methods stipulated by the customs; and (b) have special storage space for cars that meets the regulatory requirements of the customs.

Before the pilot enterprises start carrying out business, they shall, on the strength of the certificates of qualification for pilot parallel importation of cars as approved by the competent local authorities, report to the competent processing trade department of Shanghai Customs for record.

Before carrying out business, warehousing enterprises shall submit the following materials to the competent customs for filing: (a) filing certificate for pilot enterprises confirmed by the competent processing trade department of Shanghai Customs; (b) parallel-imported cars warehousing agency agreement signed with pilot enterprises; and (c) relevant supporting materials that meet the conditions for parallel-imported cars warehousing enterprises.

09

**Promote the development of trade headquarters and increase financial support:**

Further improve the mechanism for the input of government funds, improve the mechanism for sharing export tax rebates, focus on the development of trade headquarters, and increase support for them. For the trade headquarters that meet the conditions of policies on special funds for foreign trade, special funds for development of trade in services, special funds for strategic emerging industries, guiding funds for the service industry, and funds for transformation of high-tech achievements, the municipal departments concerned will give priority to these enterprises in reviewing their application for funds.



# OPERATIONAL SUPPORT



## 01

### **Startup subsidy standard for regional headquarters.**

For those enterprises that are registered in Shanghai or moved to Shanghai after July 7, 2008 and set up regional headquarters in the form of investment companies, with paid-in registered capital of over

USD 30 million and employing more than 10 employees, will be granted RMB 5 million to each of them as a startup subsidy. The startup subsidy will be paid over three years in three installments (namely, 40%, 30% and 30%), respectively. Foreign-funded global R&D centers with more

than 50 R&D personnel and foreign-funded R&D centers with independent legal personality, both certified after October 10, 2017, will enjoy start-up subsidies by reference to the same standards.

## 02

### **Rent subsidy standard for regional headquarters.**

For the regional headquarters of multinational corporations registered in Shanghai or moved to Shanghai after July 7, 2008 with more than 10 employees, if these headquarters pay registered capital of more than USD 2 million and rent office premises for their own use,

will be granted three years' subsidy equal to 30% of the total rent, provided that the office space does not exceed 1,000 square meters and that the rent does not exceed RMB 8 per square meter per day. If these headquarters purchase or build office premises for their own use, we will grant them lump-sum financial support equal

to the total amount for three years calculated under the same standard as that for rent subsidy. Foreign-funded global R&D centers with more than 50 R&D personnel and foreign-funded R&D centers with independent legal personality, both certified after October 10, 2017, will enjoy rent subsidies by reference to the same standards.

## 03

### **Incentive standard for regional headquarters.**

The regional headquarters of multinational corporations that are certified by the Municipality after July 7, 2008 and have paid-in registered capital of more than USD 2 million and annual turnover of more than RMB 500 million will be entitled to an incentive.

For the portion of annual turnover equal to or greater than RMB 500 million but less than RMB 1 billion, a lump-sum incentive of RMB 5 million will be granted; for the portion of annual turnover equal to or greater than RMB 1 billion but less than RMB 1.5 billion, a lump-sum incentive of RMB

3 million will be granted; for the portion of annual turnover equal to or greater than RMB 1.5 billion, a lump-sum incentive of RMB 2 million will be granted. The incentive will be paid over three years in three installments (namely, 40%, 30% and 30%), respectively.

## 04

### **Subsidy for upgrading the level of current regional headquarters.**

As the regional headquarters of multinational corporations for Asian, Asia Pacific or broader regions that are newly established in Shanghai after January 1, 2012, or the existing regional

headquarters of multinational corporations that are upgraded to Asian, Asia Pacific or broader regions after January 1, 2012, if they have a paid-in registered capital of more than USD 2 million and no less than 50 employees, the principal appointed by the

parent company and the main senior executives related to the headquarters function are based in Shanghai, the headquarters can each receive a lump-sum upgrading subsidy of RMB 3 million.

## 05

### **Support multinational corporations in conducting centralized operation of cross-border capital.**

A multinational corporation may, based on its business needs, select a domestic enterprise as the lead enterprise to operate and manage the capital of its domestic and overseas member enterprises in a centralized

manner, and to carry out one or more of the following business items: centralized foreign debt limit, centralized overseas loan limit, centralized receipt and payment of current account capital, and netting settlement. However, the multinational corporation is required to register with the competent foreign exchange sub-bureau

or management department through the local SAFE branch of the place where the enterprise undertaking the centralized operation of cross-border capital is located, and submit basic materials, special materials and other materials required by the local foreign exchange bureau.

## 06

**Further facilitate foreign exchange settlement of insurance companies' capital, and improve the foreign exchange management for insurance business to prevent financial risks:**

**Optimize the foreign exchange settlement process for insurance companies.**

An insurance company may, based on its actual business needs, directly handle foreign exchange settlement of foreign exchange capital and foreign exchange funds raised through overseas listing with a financial institution engaged in foreign exchange business. However, the insurance company shall, before the end of January each year, report the foreign exchange settlement plan for the current year and the foreign exchange settlement details for the previous year to the local state foreign exchange administrative department, and provide explanations and proof of the relevant situations. However, the insurance company shall make a report to the local state foreign exchange administrative

department in advance for the settlement of foreign exchange beyond the reported plan and for the settlement of foreign exchange equal to or greater than the equivalent of USD 50 million.

**Optimize the foreign exchange process for insurance intermediaries.**

After completing relevant business filing with the competent authority of the insurance industry, insurance agencies and insurance brokerage institutions can handle the transfer of funds under insurance (in respect of which receipts and payments are made by them on a commission basis) in the original currency via their foreign exchange account for current account; they can handle foreign exchange settlement or purchase for insurance proceeds but they shall report the current year's business plan for foreign exchange received and paid under insurance before the end of January each year, and report the actual business situation for the previous quarter within 5 working days at the beginning

of each quarter.

**Optimize the foreign exchange settlement process for funds received and paid by insurance intermediaries on a commission basis.**

When insurance agencies and insurance brokerage institutions handle the foreign exchange settlement of insurance proceeds under insurance (in respect of which receipts and payments are made by them on a commission basis), funds after foreign exchange settlement will be directly transferred to the accounts of the beneficiaries to receive these insurance proceeds; if insurance agencies and insurance brokerage institutions have paid the insurance proceeds into the accounts of the beneficiaries to receive these proceeds on a commission basis, the funds after foreign exchange settlement will be retained by the relevant insurance agencies and insurance brokerage institutions. The authenticity of foreign exchange settlement will be verified by relevant financial institutions.



# 07

## **Carry out the foreign exchange management registration business for issuance of Chinese Depository Receipts.**

If an overseas issuer issues a Chinese Depository Receipt by adding new securities, it must, within 10 working days after receiving CSRC's approval for issuance, commission its domestic lead underwriter (or

relevant domestic agency) to register with the state foreign exchange administrative department in the place of the domestic stock exchange on which it gets listed.

If a qualified overseas conversion institution issues or redeems in an overseas depository receipt on the basis

of non-newly added securities, it shall mandate a domestic commercial bank with relevant business qualifications to manage the asset custody business as a custodian, and register the cross-border securities transactions with the State Administration of Foreign Exchange through its domestic custodian.

# 08

## **Foreign exchange management facilitation measures applicable within the free trade zone.**

An enterprise within the free trade zone, if classified as Grade A for foreign exchange management of trade in goods, is not required to open a pending account for export revenue, and its foreign exchange revenue from trade in goods may be directly remitted into the foreign exchange account for current account.

Under the premise of authenticity and compliance, non-investment foreign-invested enterprises can use the RMB capital from the foreign exchange revenue or foreign exchange settlement under capital account for domestic equity investment according to its actual investment scale in accordance with the law.

The withdrawal currency and repayment currency of

cross-border financing by an enterprise in the free trade zone may be different from the contract currency, but the withdrawal currency and repayment currency must be the same.

Foreign debt de-registration by enterprises in the free trade zone will be handled directly with the relevant banks, and the time limit for enterprises to handle such business will be removed.

## 09

**Handle foreign exchange registration of equity incentives for foreign employees of domestic listed companies.** If foreign employees of a domestic listed company

participate in an equity incentive plan, the domestic listed company will, within 30 days after the announcement of the equity incentive plan, register on a unified basis these foreign

employees' participation in the equity incentive plan with the local branch or foreign exchange management department of the State Administration of Foreign Exchange.

## 10

**Allow financial leasing companies to collect rent in foreign currencies.** When a financial leasing company conducts financial leasing business, if more than 50% of the capital used to purchase the leased items comes from its

own domestic foreign exchange loan or foreign currency debt, it may collect rent in a foreign currency in China, and the foreign currency rental income may enter its own foreign exchange account opened with the relevant bank in accordance

with the applicable regulations; as for the portion beyond that required to repay the foreign currency debt, the company may handle foreign exchange settlement directly with the bank.

## 11

**Preferential tax policy for pilot enterprises qualifying as a VAT general taxpayer.** When a pilot enterprise imports equipment (including machinery and equipment, capital construction materials and office supplies) for its own use, it will be

temporarily exempt from import duties, import value-added tax and excise tax. The bonded policy applies to goods purchased from abroad and entering the pilot area, bonded goods purchased from a special customs-controlled area (other

than the pilot area) or the customs-controlled bonded area and entering the pilot area, bonded goods purchased from a non-pilot enterprise in the pilot area, and unprocessed bonded goods purchased from another pilot enterprise in the pilot area.

# 12

**Income tax benefits for integrated circuit design enterprises and software enterprises.** For legally established and qualified integrated circuit design enterprises and software

enterprises, the preferential period will commence from the profit-making year before December 31, 2018. Such enterprises are exempt from corporate income tax in the first year to the second year, and are

entitled to pay corporate income tax at half of the statutory tax rate of 25% from the third year to the fifth year, until the expiration of the preferential period.

# 13

**Implement the benefit for accelerated depreciation of fixed assets in the manufacturing sector.** As of January 1, 2019, the scope of industries covered by the benefit for accelerated depreciation of fixed assets,

as provided in the Circular of the Ministry of Finance and the State Administration of Taxation on Improving the Corporate Income Tax Policies for the Accelerated Depreciation of Fixed Assets (CaiShui [2014] No.75) and the Circular of the

Ministry of Finance and the State Administration of Taxation on Further Improving the Corporate Income Tax Policies for the Accelerated Depreciation of Fixed Assets (CaiShui [2015] No.106), will be extended to all manufacturing sectors.

# 14

## **Temporarily exempt eligible overseas investors from withholding income tax.**

An overseas investor is required to meet all of the following conditions simultaneously:

The investor makes a direct investment using the distributed profit, including capital increase, new construction, equity acquisition and other equity investments, but excluding new issue, conversion and acquisition of shares of listed companies (other than qualified strategic investment).

The distributed profit is dividend, bonus or any other equity investment income resulting from the actual distribution by a resident enterprise in China of the realized retained earnings to the investor.

If the profit used for direct investment is paid in cash, the relevant amount shall be transferred directly from the account of the profit-distributing enterprise to the account of the invested enterprise or the equity transferor, and shall not be

circulated in any other account at home or abroad before direct investment is made; if the profit used for direct investment is paid in kind, negotiable securities or any other non-cash form, the ownership of the relevant assets shall be transferred directly from the profit-distributing enterprise to the invested enterprise or equity transferor, and shall not be held by any other enterprise or individual on a commission or interim basis before direct investment is made.

# 15

**Tax exemption benefit for bond interest.** From November 7, 2018 to November 6, 2021,

corporate income tax and value-added tax will be temporarily exempted for bond interest

income earned by overseas institutions investing in the domestic bond market.



# 16

## **Income tax credit for enterprises' overseas income.**

An enterprise may choose to calculate its taxable income from overseas separately by country (region) (i.e., “by country (region) and not by income category” ) or simply aggregate the taxable income other than by country (region) (i.e., “not by country (region) and not by income category” ), and will calculate its creditable

overseas income tax and the limit of tax credit at the tax rate provided in Article 8 of the document numbered CaiShui [2009] No.125, respectively.

When an enterprise calculates the creditable tax amount and the limit of tax credit with respect to the dividend income obtained by the enterprise overseas in accordance with relevant regulations, foreign

enterprises in which such enterprise holds more than 20% of shares either directly or indirectly shall be limited to the five tiers of foreign enterprises determined according to the shareholding method specified in Article 6 of the document numbered CaiShui [2009] No.125.







# INVESTMENT PROTECTION

## 01

**Foreign investors may remit inward or outward RMB or foreign exchange freely according to laws.**

Any capital contribution, profit, capital gains, asset disposal proceeds, intellectual property license fee, compensation or indemnity legally obtained and

liquidation income of foreign investors in China may be freely remitted inward or outward in RMB or any foreign exchange according to law.





## 02

**Policies of Chinese government supporting development shall apply to all market entities equally according to law.**

The government and its relevant authorities shall treat all market entities equally in accordance with laws in terms of government funding arrangements, land supply, tax reductions and exemptions,

qualification and permits, standards development, project application, professional title evaluation, and human resources policies, and may not formulate or implement discriminatory policy measures.

## 03

### **Fulfill government commitments and contracts.**

The local people's governments at all levels and their relevant authorities shall perform the policy commitments they made to any market entities in accordance with the law and shall perform all contracts entered into in accordance with the law, and may not breach such contracts on the grounds of administrative division adjustment, government transition, institutional or functional adjustment and replacement of relevant

responsible persons. Where national interests and social public interests require any change of policy commitments or contracts and agreements, such change shall be made based on statutory authority and in accordance with relevant procedures, and the relevant government or authorities shall compensate the relevant market entities for losses suffered by such entities incurred from in accordance with the law.

## 04

### **Support the new area in strengthening the building of international commercial dispute adjudication organizations.**

Well-known overseas arbitration and dispute resolution institutions are allowed to set up business offices in the new area of the free trade zone subject to registration with the administrative department for justice under the Shanghai Municipal People's Government and filing with the administrative department for justice under the State Council to conduct arbitration in respect

of civil and commercial disputes arising in the international commercial, maritime, investment and other fields. Support and guarantee will be given in accordance with the law for the application for and execution of such temporary measures as property, evidence and behavior preservation available to Chinese and foreign parties before and during arbitration.



## 05

**Strengthen the protection of intellectual property rights.**

The government will establish a punitive damages system for infringement of intellectual property rights, procure to establish a rapid cooperative protection mechanism for intellectual property rights, improve the diversified settlement mechanism for intellectual property rights disputes and the rights protection assistance mechanism for intellectual property rights, and strengthen the protection of intellectual property rights.

Improve the system of property rights and various market transaction rules, safeguard the rights of action and substantive rights and interests of market players and offer effective incentives for property rights. Protect rights in rem, creditor's rights, intellectual property rights and other rights in accordance with the law, handle cases involving protection of property rights in accordance with the law, and properly handle conflicts of rights through mediation. We will reasonably protect new types of property rights

and interests and define the boundaries of property rights protection scientifically and reasonably. We will accurately understand the relationship between corporate autonomy and judicial intervention and adhere to the principle of limited and appropriate judicial intervention, so as to strike a reasonable balance between protecting the rights of shareholders and maintaining the stable operation of companies. We should strengthen the protection of shareholders' rights in accordance with the law, especially the judicial protection of the right to vote, right to know, right to request profit distribution, right to supervise, and other rights available to minority shareholders in accordance with the law. We will correctly apply the shareholder derivative suit system to hold directors, supervisors and senior executives civilly liable for their negligence in performing their duties and illegal transactions in accordance with the law and better safeguard the legitimate interests of companies and their minority shareholders.

## 06

**Strengthen the protection of intellectual property rights of foreign R&D centers.**

We will explore ways to provide one-stop comprehensive services integrating patent examination, quick approval and quick protection of rights through priority examination, China (Pudong) Intellectual Property Protection Center and other means. We will improve the mode of intellectual property protection in which administrative law enforcement

and judicial protection complement each other and are interconnected organically, intensify punishment for infringement and other illegal acts, improve the credit management of intellectual property rights, and improve the diversified mechanism for resolution of intellectual property disputes.

## 07

**Innovate the court mechanism to help the parties to lawsuits better protect their own rights:**

The case filing personnel of the courts at all levels can register the case filing applications submitted by the parties through ID verification or submitted by lawyers and legal workers using their keys in the Shanghai Court's 12368 Litigation Service Platform (Shanghai Court's Litigation Service Website, "Shanghai Court 12368" WeChat official account, etc.).

The scope of cases that can be filed online covers general civil, civil and commercial, intellectual property and financial cases brought before the courts of first instance,

criminal cases brought before the courts of first instance through private prosecution, civil and commercial enforcement cases as well as civil and commercial retrial cases.

Relevant litigation documents can be served by fax, email, special communication number, WeChat official account and other electronic means, which are different from the traditional way of paper-based service of process by post.

If the parties agree and confirm in writing that electronic service of process is applied to general

civil, civil and commercial, intellectual property and financial cases brought before the courts of first instance, criminal cases brought before the courts of first instance through private prosecution, and civil and commercial enforcement cases, electronic service of process will be used, and paper-based service of process will no longer be used for these cases.

Documents that can be served electronically include notice of acceptance of a case,

summons, notice of proof, notice of response to suits and notice of payment and other procedural documents, excluding judgments, rulings, mediation decisions and other legal instruments.

Electronic service of process is available through such platforms as China Judicial Process Information Online, Shanghai Court's Litigation Service Website and "Shanghai Court 12368" WeChat official account.

## 08

**Enhance transparency of judicial work and further improve a world-class legalized business environment.**

Shanghai High People's Court will disclose information about the trial process of cases to the parties concerned and their entrusted agents *ad litem* via Shanghai Court Trial Process Information Disclosure Platform, 12368 Litigation Service Platform (Lawyer Service Platform), China Judicial Process Information Online, China Judgments Online (<http://wenshu.court.gov.cn/>), China Court Trials Online (<http://tingshen.court.gov.cn>) and

other online platforms.

Upon completion of important litigation processes such as case filing and acceptance, payment, court hearing and judgment, information about the trial process of cases will be timely disclosed to the parties concerned and their entrusted agents and the judicial assessment data reflecting the overall quality and efficiency of court trials will be made available to the public.

# SCI-TECH INNOVATION



## 01

**Support foreign investors in setting up various forms of open innovation platforms, effectively connect with the innovation resources of multinational corporations, small, medium and micro-sized enterprises and innovation teams, and build an open innovation ecosystem.** The relevant districts will grant three-year site subsidies equal to 30% of the rent to the open innovation platforms established in the districts, provided that the office space does not exceed 1,000 square meters and that the rent does not exceed RMB 8 per square meter per day.

## 02

**Promote the application of sci-tech innovation coupons, optimize the way of financial support, and reduce the cost of innovation and entrepreneurship.**

The innovation coupons take the form of electronic coupons, which are applied for, received and used by the enterprises and teams, and accepted by and redeemed upon request of the service organizations. Enterprises and teams can apply to purchase innovation coupons for the strategic planning, technology research and development, technology transfer, inspection and testing, talent cultivation, resources availability and other services required in the process of sci-tech innovations. The list of specific service items shall be issued and updated dynamically by Shanghai Municipal Commission of Science and Technology.

Applicants and users include: 1) enterprises applying for innovation coupons shall be independent legal persons that are registered in this Municipality and meet the relevant requirements of the Measures for the Evaluation of Small and Medium-sized Sci-Tech Enterprises (GuoKeFaZheng[2017] No. 115); and 2) Teams applying for innovation coupons shall be the innovation and entrepreneurship teams (with no less than 3 core members) that have entered the sci-tech business incubators, university sci-tech parks or maker spaces in this Municipality and that have not yet been incorporated in this Municipality.

Enterprises and teams that meet the requirements for application shall log in the municipal innovation coupon management information platform to apply for innovation coupons, and pay the innovation coupons online to service organizations to purchase relevant professional services. Each enterprise can use the coupons of no more than RMB 300,000 per year, and each team can use the coupons of no more than RMB 100,000 per year.



## 03

### **Support foreign institutions in carrying out sci-tech innovation activities in Shanghai.**

We will support foreign-invested enterprises in setting up laboratories, R&D centers, innovation centers, enterprise technology centers and postdoctoral research stations, and encourage the transformation and upgrading of foreign-funded R&D centers to global R&D centers. Foreign-funded global R&D centers that play a key role in global allocation of innovative resources and R&D centers with independent legal personality will be given policy support equivalent to that given to the regional headquarters of multinational corporations. We will support foreign-funded institutions in participating in the development of public service platforms and maker spaces for research and development in Shanghai, and encourage foreign-invested enterprises to undertake government research projects.

## 04

**Accelerate the construction of sci-tech innovation carriers.** We will explore the incentive mechanism for sci-tech innovation carriers, and reward them at the municipal and district levels according to their enterprise cultivation performance. Eligible sci-tech innovation carriers can be exempted from real estate tax, urban land use tax and value-added tax.

## 05

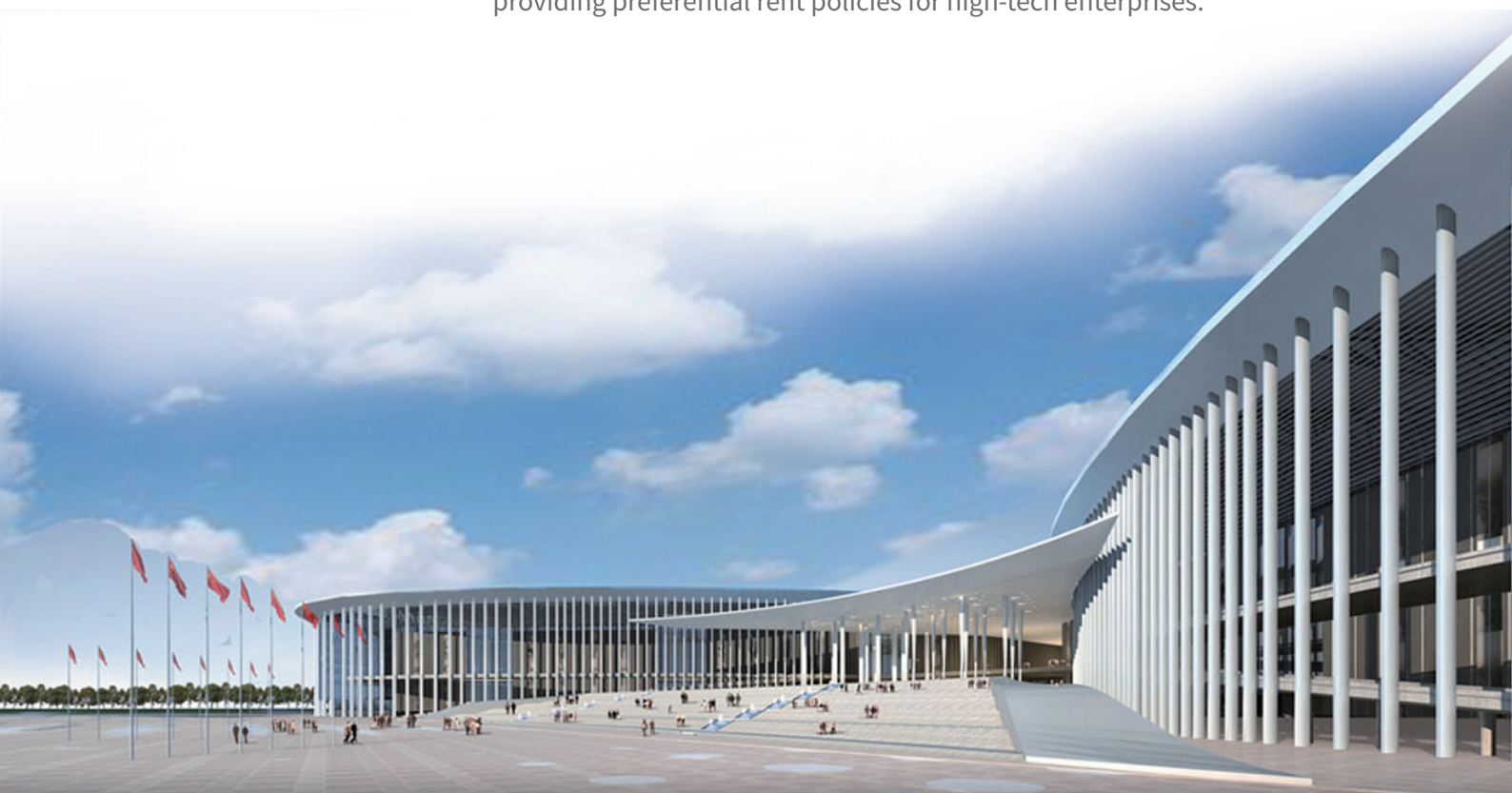
**Give play to the function of capital market service base and develop the headquarters of sci-tech innovation enterprises.** We will strengthen the service level of capital market service base in the Yangtze River Delta, improve the service level of information platforms, jointly build a service brand for sci-tech innovation enterprises in the Yangtze River Delta region both online and offline, and promote high-quality sci-tech innovation enterprises in the Yangtze River Delta to be listed on the SSE STAR Market. We will give full play to the role of financial institutions, investment institutions, intermediaries, industry associations and industrial parks, so as to improve the professionalism of the service base. In New Bund and other areas, we will plan and build a cluster for the headquarters of sci-tech innovation enterprises, which will gather high-quality sci-tech innovation enterprises and innovative resources and enjoy the preferential policies related to the headquarters economy.

## 06

**Reform and improve the science and technology reward system.** We will enhance the internationalization of the selection activities, include in the award scope the foreign scientists and technologists who have made contributions to this Municipality's sci-tech innovation activities, and invite high-level foreign experts to participate in the nomination and evaluation.

## 07

**Reduce tax burdens for sci-tech companies.** We will implement preferential income tax policies for high-tech enterprises and the policy for additional deduction of research and development expenses, which will be deducted at a rate of 75% to further reduce enterprise costs. We will carry out the evaluation of small and medium-sized sci-tech enterprises, and extend the period for carrying forward and making up the losses of high-tech enterprises and small and medium-sized sci-tech enterprises to 10 years. We will encourage researchers to transform sci-tech achievements. An eligible equity incentive granted to a scientific researcher by a high-tech enterprise may, in accordance with the relevant regulations, be entitled to the policy of installment or deferred individual income tax payment. We will give priority to ensuring land use for high-tech enterprises, and support the parks in providing preferential rent policies for high-tech enterprises.



## 08

**Establish a cultivation base for high-tech enterprises.** With reference to the national standards for the certification of high-tech enterprises, and centering on the development of key industries in this Municipality as well as the new forms and models of sci-tech and industrial development, the municipal departments of science and technology, finance and taxation will formulate the standards and implementation rules for the cultivation and inclusion of high-tech enterprises in this Municipality, and include in the high-tech enterprise cultivation base the small and medium-sized sci-tech enterprises that meet the following standards: the income from their main business is in line with the scope of high-tech fields supported by the country; they possess independent intellectual property rights and invest no less than 3% of their revenue in R&D; their sci-tech personnel account for no less than 5% of the total number of their employees; and their revenue generated from high-tech products and services accounts for no less than 40% of their total revenue. For enterprises that have made significant and distinguished innovations in the high-tech field, the determination may be made on a case by case basis. We will carry out dynamic management and tracking service for every enterprise included for cultivation, and will develop a cultivating mechanism of “discovering a batch of enterprises, serving a batch, launching a batch and certifying a batch” .

## 09

**Implement financial support policies for high-tech enterprises.** We will provide lump-sum financial support to the enterprises included for cultivation, and the amount of support shall be determined at 10% of the R&D expenses incurred by the enterprises in the previous year, with the minimum amount being RMB 200,000 and the maximum RMB 2 million.

## 10

**Adjust the requirements for the award recipients.** The awards for natural science, technological invention, progress in science and technology and popularization of science and technology will be given to “individuals” instead of “citizens” , thus including foreign sci-tech workers in the scope of award recipients.

## 11

**Support foreign investors in establishing R&D centers with independent legal personality in Shanghai, and support foreign-funded R&D centers' upgrade to global R&D centers.**

For a global R&D center with more than 100 R&D personnel and a R&D center with independent legal personality, a startup subsidy of RMB 5 million will be granted pursuant to the Provisions of Shanghai Municipality on Encouraging Multinational Corporations to Establish Regional Headquarters (HuFuFa [2017] No.9); this Municipality will grant a three-year rent subsidy equal to 30% of the rent, provided that the office space does not exceed 1,000 square meters and that the rent does not exceed RMB 8 per square meter per day.



# TALENT SUPPORT



## 01

**Attract the talents from home and abroad to innovate and start business in Shanghai.**

Support foreign talents with permanent residence identity cards to innovate and start businesses in Shanghai, and to establish sci-tech enterprises which are entitled to the national treatment. Foreign talents with permanent residence identity cards are permitted to act as legal representatives of new R&D institutions and take the lead in undertaking government scientific research projects.



## 02

**Support trade-oriented headquarters to employ domestic talents.**

Those talents who meet specified conditions for Shanghai Hukou (household registration) may make the applications for such Hukou in accordance with the regulations. Support trade-oriented headquarters to make full use of the educational resources in Shanghai, and in collaboration with them, build training bases for educating and nurturing professionals specialized in trade. The districts and counties of Shanghai where the trade-oriented headquarters are located will facilitate applications for talent apartments by the talents from other provinces and cities who are employed by the trade-oriented headquarters.

## 03

**Simplify the exit and entry process for employees of trade-oriented headquarters.**

Chinese employees working for trade-oriented headquarters who meet specified conditions may apply for APEC business travel cards, and competent authorities will facilitate the applications for these cards by these employees who need to travel for business in Hong Kong, Macau, Taiwan or overseas. Foreign employees of trade-oriented headquarters who need multiple temporary entries into China may apply for a multiple entry visa with an effective period of not more than one year and a stay of up to 180 days; foreign legal representatives, general managers, vice general managers and financial directors of trade-oriented headquarters who work in Shanghai for a long period of time may, in the light of their term of service and contract, apply for a residence permit with an effective period of 3 to 5 years; and foreign senior managers of trade-oriented headquarters may, in accordance with the Measures on Administration of Approval of Foreigner Permanent Residence in China, be given priority to application for Foreigner Permanent Residence Permits.

## 04

**Facilitate the entry and exit and work permits for foreign talents.**

Optimize and improve the services for high-level foreign professionals, and provide them with access to housing, children's education, and medical and health services.

## 05

**Further simplify the entry and exit process for personnel of regional headquarters or HQ-type organizations.**

Eligible Chinese employees of regional headquarters or HQ-type organizations can apply for APEC business travel cards. Competent authorities will facilitate the exit of those employees who need to travel for business in Hong Kong, Macau, Taiwan or overseas.

Foreign employees of regional headquarters or HQ-type organizations who need multiple temporary entries into China may apply for a multiple entry visa with an effective period of not more than one year and a stay of up to 180 days. Foreign nationals who need to come to Shanghai temporarily and who shall apply to a Chinese embassy or consulate to a foreign country for an entry visa, may, in the case of emergency, apply to the administration of public security for exit and entry for a port visa in accordance with applicable state rules.

Foreign employees of regional headquarters or HQ-type organizations who need a long-term stay in Shanghai may apply for a foreigner's residence permit with an effective period of 3 to 5 years.

Senior managers (including legal representatives) of regional headquarters or HQ-type organizations may be given priority to apply for a Foreigner's Permanent Residence Permit under the Measures on Administration of Approval of Foreigner Permanent Residence in China.

Shanghai Customs (and Shanghai Entry-Exit Inspection and Quarantine Bureau) will provide the legal representatives of regional headquarters or HQ-type organizations and senior managers performing functions related to headquarters with a green channel to process the applications for health certificates.

## 06

**Talents employed by the foreign-owned R&D centers can enjoy the entry and exit policies of Shanghai Science and Technology Innovation Center supported by the Ministry of Public Security.**

We will facilitate the applications for entry and exit certificates from Chinese talents who need to travel in Hong Kong, Macau, Taiwan or overseas, and extend the effective period of visas for foreign talents, issuing long-term (5 to 10 years) multiple-entry visas for eligible foreign professionals, who may apply for work permits and work-related residence certificates on the strength of such visas. In addition, we will facilitate the process of foreign talent's applying for an "R" (Talent) visa, long-term residence and permanent residence permit.

## 07

**Enhance the strength to bring in high-tech talents and skilled personnel.**

Foreign hi-tech talents and skilled personnel in the new area of China (Shanghai) Pilot Free Trade Zone (FTZ), and foreign talents employed by entities in line with the trend of industrial development in the new area, shall, if they plan to work for a long period of time in FTZ, be granted work permits with an effective period of more than 2 years upon approval, subject to no exacting restrictions on age, education background or working experience.

## 08

**Grant the administrative body in the new area the power to reward merit-based points to foreign talent and recommend key enterprises and public institutions to be included in the List of Shanghai Science and Technology Innovation Professions.**

Foreign professionals identified as qualified by the administrative body in the new area may be entitled to additional merit-based points to foreigners working in China when applying for a work permit and visa. The administrative body in the new area of FTZ can directly recommend key enterprises and public institutions in the new area to be on the List of Shanghai Science and Technology Innovation Professions, taking into account of the layout of key industries in the new area. Foreign managers or skilled personnel employed by the enterprises on the list may enjoy some preferential policies.

## 09

**Establish a green channel for overseas talents to work and start business.**

The new area of FTZ will implement the differentiated process to deal with applications for work permits by foreigners working in China on a pilot basis, and the system of “Notification and Undertaking” and “Acceptance Disregarding Incompleteness of Documents” applicable to the enterprises identified as credible by the administrative body in the new area. We will further streamline the procedures for and request fewer materials on applications for registration of enterprises in the new area by high-level foreign professionals with major innovative technologies by means of technological contribution to the registered capital of such enterprises.

## 10

**Foreign R&D personnel employed by the foreign-owned R&D centers may directly apply for work permits in China.**

We will facilitate the applications from foreign talents for work permits by implementing the policy of “Notification + Undertaking” and “Acceptance Disregarding Incompleteness of Documents” . We will, under applicable municipal rules on talents, provide certain financial support to the top-notch and badly-needed persons employed by the foreign-owned R&D centers who have made outstanding contributions to the scientific and technological R&D, and successful transformation of R&D results in Shanghai. We will encourage the foreign-owned R&D centers to engage first-rate scientists in the relevant industries by creating an environment to facilitate such scientists’ scientific research activities. We will support the implementation by each district of the “All-purpose Card” pilot services for high-level foreign talents, and the establishment of a service channel in terms of housing, children's education and medical and health services. We will reinforce our support to the talent programs such as participation of high-level professionals of the foreign-owned R&D centers in evaluation of leading talents.

## 11

**Strengthen the nurturing and gathering of talents of high-tech enterprises.**

In order to meet the needs of hi-tech enterprises for future growth, our talent plans for S&T start-ups will set out preferential policies in favor of hi-tech enterprises, so as to create a green channel for qualified high-level professionals from hi-tech enterprises to apply for professional titles, and to stimulate innovative persons to work for hi-tech enterprises. Those badly-needed professionals and technical personnel, managers and core members of an innovation team of hi-tech enterprises with undergraduate degree or above and corresponding diplomas can apply for Shanghai permanent Hukou (household registration).



# 12

**Expand the scope of application for “R” (Talent) visa by making a full use of the policies on such visa.**

We will expand the scope of applications for “R” (Talent) Visa from high-level foreign talents at the entry port and in China, and facilitate their entry and stay in China. High-level foreign professionals identified by Shanghai competent authority as talents, senior professionals of particular sectors engaged and guaranteed by the entities on the List of Shanghai Science and Technology Innovation Professions, or other persons certified by invited enterprises to be high-level talents, are allowed to apply for an “R” visa upon arrival at the entry port, and to apply for a residence permit upon entry in accordance with applicable regulations. The persons referred to above who hold other types of visas may, upon entry, apply for an “R” visa, or a residence permit in accordance with applicable regulations.

# 13

**Implement the policies under which foreign students after graduation may directly innovate and start a business in Shanghai.**

Foreign students who have obtained undergraduate degree or above from the universities in Shanghai and are employed in Shanghai Pilot Free Trade Zone and Zhangjiang National Innovation Demonstration Zone (the “Two Zones” ) may, upon issuance of relevant certificates by the Administrations of the Two Zones, directly apply for foreigners’ work permits and work-related residence permits. Foreign students with undergraduate degree or above who graduate from Chinese universities and start a business in Shanghai may apply for a residence permit related to private affairs with a validity period of less than 2 years (with the notes of “Start Business” ), during which period they may apply for a work-related residence permit in accordance with applicable rules if they are employed by relevant employers. Fresh graduates of world-renowned universities employed by regional headquarters of multinational companies, investment companies and foreign-owned R&D centers registered in the Two Zones are allowed to work in Shanghai. We will conduct the research on how foreign students with bachelor's degree or above from the universities in other cities work in Shanghai.

## 14

**Further simplify the entry and residence processes for foreigners starting businesses in Shanghai.**

Foreigners who have a work permit to work in Shanghai may, upon entry into China, directly apply for a work-related residence permit with an effective period of up to one year on the strength of their work permit; such persons may also apply for a “Z” visa (work visa) to the visa authority upon arrival at the entry port, and thereafter apply for a work-related residence permit for the corresponding period upon entry in accordance with applicable provisions. Foreigners who intend to make investments, innovate or start a business in Shanghai may apply for an “S2” visa (a private visa) to the visa authority upon arrival at the entry port by virtue of an investment certificate, business plan or proof of financial sources, and upon entry, apply for a residence permit for private affairs.

## 15

**Make and implement the policies applicable to special talents from Hong Kong and Macau and their family members residing in Shanghai.**

If high-level foreign talents and innovative entrepreneurs have obtained permanent residence qualifications or work-related residence permits, we will issue to the foreign housekeepers employed by these talents and entrepreneurs the residence permits for private affairs for the same effective period as that of the work-related residence permits.

# 16

**Improve the system of residence permit (B-Certificate) for overseas talents in Shanghai.**

We will, as appropriate, properly extend the effective term of the B-Certificate for a period of up to 10 years, and make more favorable conditions governing applications for B-Certificates from S&T innovative talents so as to enable the certificate to give its full play to attraction and retention of talents. Foreign professionals with permanent residence permits can directly apply for B-Certificates. We will further improve the citizenship treatment for persons with B-Certificates. A person with B-Certificate may be temporarily exempted from real estate taxes if he or she purchases only one commercial house for his or her family in Shanghai. Children of persons with B-Certificates who desire to receive pre-school or compulsory education may attend school in the vicinity of place of their residence in accordance with applicable regulations. These persons may contribute to and use housing funds in Shanghai, and when they cease to work in Shanghai, may withdraw or transfer the funds, and their salaries and lawful profits derived from the enterprises (legal persons) set up by them may be converted into foreign exchange and remitted abroad.

# 17

**Solve housing problems for talents at a particular stage of their stay in Shanghai.**

We will speed up our efforts to support the construction of affordable houses, centralized housing projects, agent-based house renting and other renting of public houses. We will standardize and optimize the commercial housing projects in the area of outer ring in Shanghai, requiring not less than 5% of affordable houses to be used for renting as public houses. Large enterprises, public institutions and industrial parks which employ a large number of talents are encouraged to build supporting facilities such as talent apartments (rental houses) by using their own vacant industrial land, with the proportion from 7% to no more than 15% of the total construction area of the project to which the area of the supporting facilities (such as talent apartments) bears. In addition, all the districts, industrial parks and enterprises in Shanghai are encouraged to provide excellent S&T innovative and entrepreneurial talents with housing grants in the form of rental allowance, housing loan subsidies and other grants.

## 18

**Optimize the medical environment for overseas professionals.**

We will further improve the foreign language skills of medical staff in Shanghai, provide the settlement services of international medical insurance in some “Three-A Class” hospitals, and support market participants to establish a third-party settlement platform of international medical insurance.

## 19

**Allocate more resources to international education.**

Additional schools in the area where overseas professionals live together are to be established so as to accommodate their children. Private sectors are encouraged on a pilot basis to establish schools for children of foreign talents. We will facilitate the accommodation by the schools in Shanghai of the children of high-level overseas professionals, and encourage primary and secondary schools to create better conditions for the children of foreigners.





# CHAPTER 2

## Introduction to the Policies of the Key Areas in Shanghai





# CHINA (SHANGHAI) PILOT FREE TRADE ZONE



In September 2013, China's first Pilot Free Trade Zone was founded in Waigaoqiao, Pudong district, Shanghai. In December 2014, the Shanghai Pilot Free Trade Zone was expanded to include Lujiazui, Zhangjiang, Jinqiao and Expo subzones. In August 2019, the Shanghai Pilot Free Trade Zone was expanded again to include Lingang New Area.

Over the recent six years, the Shanghai Pilot Free Trade Zone (SPFTZ) has thoroughly implemented the spirit of General Secretary Xi Jinping's important instruction of "daring to move forward, daring to make tries, and enacting autonomous reforms", kept on deepening the opening up and institutional innovations in areas of investment, trade and finance and so on, actively promoted the comprehensive reform which combining the opening up and innovations, perform the stress test on the risks exposed by the open economy system, made great efforts to transform government functions, enhanced the government governance, and proactively facilitated the country's "Belt and Road Initiative".

Over the recent six years, the SPFTZ has generated 25% of the city's GDP and 20% of the city's total trade volume. Its newly-established foreign-funded enterprises account for about 20% of the total, up from 5% initially. SPFTZ has attracted over US\$ 31 billion of foreign investments in terms of the paid-in capital, and launched over 3,000 projects with the aim of expanding the opening-up. And some of such projects were first of their kinds in China.

## Q&A

# 1

### What are the reform highlights of Shanghai pilot free trade zone as the first in China ?

**The first highlight is the reform of the negative list for foreign investment.**

In September 2013, the Shanghai Pilot Free Trade Zone issued China's first negative list for foreign investment and, for the off-list items, a filing system was implemented. In 2019, items on the negative list have been reduced from 190 to 37. At present, nearly 99% of foreign investment projects in the Shanghai Pilot Free Trade Zone have been established through filing, with the government processing time being reduced from 8 working days to 1 working day and the application materials being reduced from 10 to 3.

**The second highlight is the expansion of opening-up in the service and manufacturing sectors.** In 2013 and 2014, the Shanghai Pilot Free Trade Zone introduced 54 expansion

measures in two batches. As at the end of this September, there were 3,099 projects implemented accumulatively, including but not limited to China's first foreign-owned vocational skills training institution, first wholly foreign-owned medical institution and first wholly foreign-owned engineering design company. It also introduced 25 new measures to expand the opening-up of the financial service sector.

**The third highlight is the facilitation of customs clearance.** Customs and other port regulatory authorities have launched nearly 100 innovative measures, which significantly improved customs clearance efficiency. The entry and exit time for the bonded area has been shortened by 78.5% and 31.7% compared to the full customs clearance, and the

logistics cost has decreased by 10% on average. Furthermore, electronic equipment interchange receipt has been fully implemented, which can reduce the cost of documents for the companies by RMB 400 million per year.

**The fourth highlight is the "single window" for international trade.** Port cargo declarations and ship declarations now can be 100% handled by "single window", with more than 240,000 companies served in this way. Items of information for company declaration have been reduced by 65% in the ship declaration process and by 24% in the cargo declaration process, which saves over RMB 2 billion in costs for the companies.

**The fifth highlight is the free trade account (FT account) system.** The FT account system

has built a base for the opening-up and innovation of finance. The system is conducive to getting through three markets (i.e., the overseas market, the market within the area and the market outside the area but within China). It provides financial services that integrate local and foreign currencies under current account and capital account, including cross-

border financing, mergers and acquisitions, wealth management and bonds, which significantly facilitated investment and financing and trade of businesses.

**The sixth highlight is the reform of “separating certificates from business license”**. Upon approval by the State Council, the reform of

“separating certificates from business license” is carried out in Pudong New Area. By reducing items subject to approval and optimizing the approval process, the problem of “entry allowed but operation not allowed” has been solved. At present, the “116+47” items for reform and pilot have all been implemented.

## 2

### **What preferential policies are available to enterprises in Pudong New Area and the Pilot Free Trade Zone?**

**In terms of the financial industry,** licensed financial institutions (such as banks, securities companies and insurance companies) and their subsidiaries and financial leasing companies will receive a maximum of RMB 30 million as settlement incentive and comprehensive contribution incentive depending on their size; key private equity and financial service institutions will receive comprehensive

contribution incentives; senior management personnel, middle-level management personnel and key personnel in the financial sector will receive talent incentives; and enterprises in Pudong going public or getting listed will also receive incentives.

**In terms of the headquarters economy,** support will be specifically given to regional headquarters of multinational

corporations and regional headquarters of international organizations which will receive a maximum of RMB 40 million as settlement incentive and comprehensive contribution incentive depending on their size.

**In terms of advanced manufacturing,** support the new-generation information technology, high-end equipment, new



materials, biology, new energy vehicles, new energy, energy conservation and environmental protection, digital creativity and other strategic emerging industries, as well as automobiles, ships and other competitive traditional industries. Key and leading companies, competitive companies and incubated enterprises will be entitled to incentives. In addition, technological transformation projects and projects at national level or city level will be entitled to incentives or ancillary funds.

**Focusing on six hardcore industries,** the government will deepen its support in six areas, including implementation of high-quality projects,

increase of investment by businesses, innovation and entrepreneurship, industrialization of research achievements, demonstration and application of new technologies and synergy among industry chains. High-quality projects may receive a maximum of RMB 50 million in funding.

**In terms of high-end services,** financial and related support will be given to commerce and trade, tourism and exhibitions, commodities, e-commerce, international investment companies, emerging service companies, professional service organizations (legal service, accounting and auditing, intellectual property service,

human resources service, technology intermediary service, etc.), and cultural and creative companies (such as film and television companies and film and television organizations).

**In terms of talents,** foreign talents are provided with better accessibility (such as port visa) and high-end services (such as education and medical care). High-level foreign talents and overseas Chinese may apply for permanent residence permits and, if they register technology enterprises, may enjoy the same treatment as Chinese citizens. In the next three years, 150,000 or more apartments (rooms) will be made available exclusively to talents.



# 3

## What are the policy highlights in the Several Opinions on Supporting the Fresh Restart of Reform and Opening-up of Pudong New Area to Embark on High-quality Development in the New Era?

**First is to grant Pudong New Area the city-level economic management authority in accordance with laws.** Pudong New Area is delegated more powers in terms of economic regulation, administrative approval, development of planning and comprehensive law enforcement, and in principle Pudong New Area is authorized or entrusted to implement the same in accordance with laws.

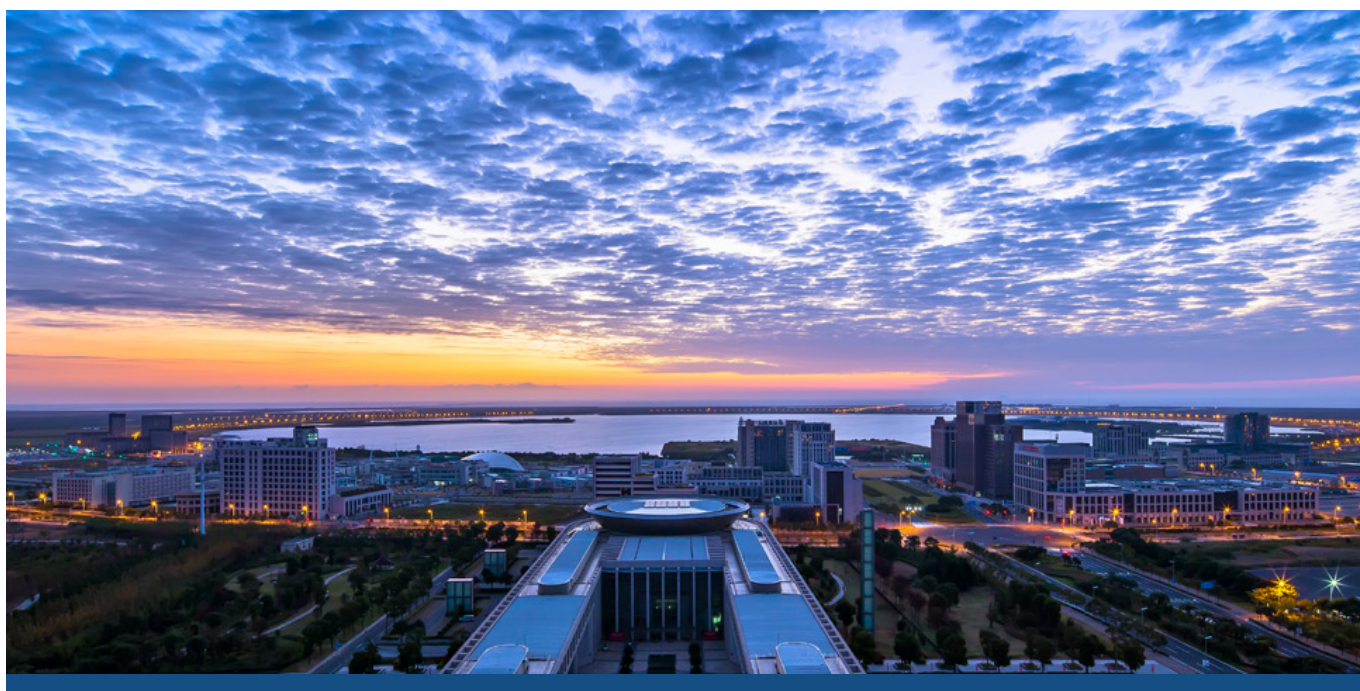
**Second is to create a more competitive and integrated service environment for talents.** Pudong New Area is granted the authority to approve the direct household registration for domestic talents and the authority to approve the household registration for overseas Chinese students.

**Third is to build a more attractive ecosystem for innovation.** The government will strive for the support of relevant state authorities and authorize Pudong New Area to carry out new high-tech enterprise certification in accordance with uniform national standards.





# LIN-GANG SPECIAL AREA OF CHINA(SHANGHAI) PILOT FREE TRADE ZONE



The establishment of Lin-gang Special Area of China(Shanghai) Pilot Free Trade Zone represents a major strategic and well-conceived decision made by the CPC Central Committee with President Xin Jinping at its core for further opening-up considering the general situation. It is also an important step to demonstrate China’ s clear and firm stand for all-round opening-up in the new era and its active role in guiding the healthy development of economic globalization.

On August 6, 2019, the State Council officially issued the Overall Plan for Lin-gang Special Area of China(Shanghai) Pilot Free Trade Zone. On August 20, China (Shanghai) Pilot Free Trade Zone Lin-gang Special Area Administration was officially unveiled. Located in the southeast corner of Shanghai, Lin-gang New Area

covers a total area of 873 km<sup>2</sup>, including the area lying east of the Jinhui Port, the area lying south of the Dazhi River, the Xiaoyangshan Island and the southern part of the Shanghai Pudong International Airport. The initial phase covers 119.5 km<sup>2</sup>, including Nanhui New Town, Lin-gang Equipment Industrial Zone, Xiaoyangshan Island, southern part of the Shanghai Pudong International Airport, and other areas.

Benchmarked against the free trade zones which are recognized as the most competitive ones in the world, Lin-gang New Area strives to be the best by focusing on the key industries or fields that meet the needs of the state's strategies, have significant global market potential, and require a higher level of opening-up that currently can't be met anywhere else in China. Lin-gang New Area implements new opening-up policies and measures with strong competitiveness in the global market. During the process, we intensify risk stress tests as an open economy to facilitate investments and operations, free flow of goods, smooth flow of funds, highly open transportation, effective talent mobility, and efficient and convenient access to information between Lin-gang New Area and the rest of the world and to create a special economic functional zone with stronger influence and competitiveness in the global market.

## Q&A

### 1

#### **What are the development goals of Lin-gang New Area?**

To grow into a special economic functional zone with stronger influence and competitiveness in the global market, make more developed and established institutional achievements, build core functions of allocating

high-end resource factors on a global scale, and become an important carrier for China to deeply integrate into economic globalization; and to build the city into a modern new city with an open and innovative

economy, smart ecosystem, city-industry integration, and best to start a business and to live, and make the city a comprehensive nexus in the Yangtze River Delta.

## 2

### **How will Lin-gang New Area build a convenient transportation network system?**

- ◎ Improve the general transportation planning and accelerate the building and improvement of our road network.
- ◎ Complete the pre-construction research in respect of projects, such as the upgrading of Liang gang Avenue and the building of side roads of S2 Shanghai-Luchao Port Expressway for freight-passenger separation purpose.
- ◎ Promote and complete the submission of line/network planning for approval and the preparation and submission of the special demonstration line planning, for middle-volume transportation.
- ◎ Commence the renovation of approx. 30km non-motor vehicle lanes of 6 roads in the main area of the town to get connected to the Phase-1 works.
- ◎ Promote the upgrading of the landscape along Jiangshan Road, Moli Road, Huabai Road and other urban roads.
- ◎ Complete the renovation of the street alive at the nodal point of Shengang Avenue for the neighborhoods along the First Ring Belt in Lin-gang New Area.
- ◎ Promote the building of the railway and subway network to connect Lin-gang New Area directly to the Yangtze River Delta region and to form a gateway along the Yangtze River and the East China Sea based on the Shanghai-Nantong and the Hangzhou-Jiaxing-Shanghai Railways.
- ◎ Increase the subway lines to make Lin-gang New Area within 15 minutes' public transport journey from the Pudong Airport.
- ◎ Commence the construction of S3 Expressway by the end of this year to enhance regional passenger transport capacity.
- ◎ Develop land-sea coordinated transport, plan and build a special railway line for South Port terminal, and improve the multimodal coordinated gathering, distribution and transport system.

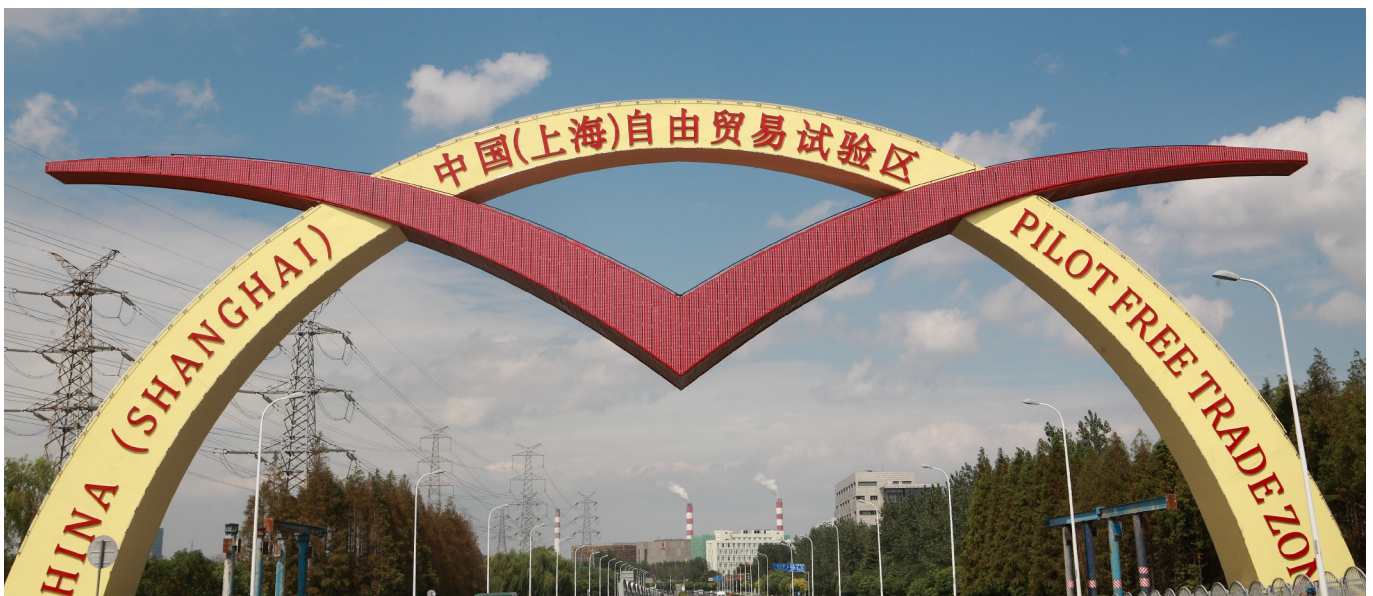
# 3

## What will be done to promote the innovation and development of the high-end service industry in Lin-gang New Area?

Lin-gang New Area will promote and plan (as a whole) the clustering of such functions as global economic linkages, cross-border financial services, cutting-edge sci-tech R&D, and cross-border service trade. Expand the depth and breadth of cross-border financial services and carry out cross-border financial business. Strengthen the flexible use of cross-border funds and carry out pilot projects on the

integration of domestic and foreign currencies in free trade accounts. Promote the development of capital management centers. Promote offshore finance and encourage product, service and system innovations. Develop new forms of international trade and build Asia-Pacific supply chain management centers. Attract Headquarter institutions. Develop cross-border digital

trade. Promote the clustering of international medical services. Carry out cultural and art exhibitions, auctions, transactions and other business that target the global market. Build a high-level global shipping hub, offer financing, insurance, clearing, leasing, trading, arbitration, and other services for the shipping industry, and improve high-end shipping service functions.



## 4

### **What are the new measures taken by Lin-gang New Area for the innovation and development of the financial industry?**

Licensed financial institutions whose paid-up registered capital reaches a certain amount will be entitled to a certain amount of move-in incentive, subject to a cap of RMB 60 million.

◎ Licensed financial institutions will be entitled to a certain amount of comprehensive contribution incentive each year depending on their financial contributions to the Administrative Committee.

◎ Licensed financial institutions and their professional subsidiaries and financial holding companies which need to purchase land to build their own office building due to business development and use 70% or more of the building's built-up area will receive a certain amount of incentive for their project construction costs.

◎ Licensed financial institutions and their professional

subsidiaries and financial holding companies which need to increase their paid in capital due to business development will receive a certain amount of incentive for their capital increase.

◎ New-type financial institutions whose paid-up registered capital reaches a certain amount will be entitled to a certain amount of move-in incentive, subject to a cap of RMB 20 million.

◎ Aircraft, ship and large equipment financial leasing SPV project companies will be entitled to an incentive depending on their annual comprehensive contribution.

◎ Equity investment enterprises which are established in the form of a company and whose paid-up registered capital reaches a certain amount will be entitled to a certain amount of

move-in incentive, subject to a cap of RMB 20 million.

◎ For equity investment enterprises established in the form of partnership, if the funds actually managed by them reaches a certain amount, the equity investment management enterprises entrusted to carry out management and registered in Lin-gang New Area will be entitled to a certain amount of move-in incentive, subject to a cap of RMB 10 million.

◎ Those that purchase office space for their own use will be entitled to a lump-sum subsidy up to 12% of their actual purchase price, subject to a cap of RMB 60 million; those that lease office premises for their own use will be entitled to a subsidy up to 100% of their annual rent for a maximum of three years based on the actual area of the leased premises.



# 5

## What are the key tasks of Lin-gang New Area in the development of frontier industrial clusters?

We will strive to develop frontier industrial clusters focusing on key and core technologies to make breakthroughs and build an industrial base for the advanced manufacturing industry that “reflects the state’ s strategies, Shanghai’ s advantages and international competitiveness” .

◎ Build a comprehensive industrial base for integrated circuits, optimize the whole-process bonded supervision model for imported materials and parts, encourage multinational companies to set up offshore R&D and manufacturing centers, and promote the development of key sectors such as core chips, unique techniques, key

equipment, and basic materials. Build demonstration zones for AI innovation and application, accelerate the opening of application scenarios, and promote the development of new industries and types of business such as smart cars, intelligent manufacturing, and intelligent robots.

◎ Build an industrial cluster for civil aviation, accelerate the clustering of fundamental research, technology development, product development, experimental verification, and other supporting industries by focusing on large passenger aircraft and civil aviation engines, and promote the development of the entire

aviation industry chain, including assembly and delivery, production support, operation and maintenance, and cultural tourism services.

◎ Build maintenance and green remanufacturing centers targeted at the countries and regions along the “Belt and Road,” develop a green certification and rating system, encourage the inbound maintenance and remanufacturing of numerically-controlled machine tools, engineering equipment and other products in the comprehensive free trade zone, and enhance the competitiveness of high-end intelligent remanufacturing industry in the world.



6

## What kind of freedom and convenience provided by Lin-gang New Area in attracting and retaining expatriate talent?

◎ For expatriate talent hired by scientific research institutions, innovation platforms, high-tech enterprises, R&D centers or state-owned enterprises in the high-tech fields in Lin-gang New Area, senior skilled workers, technicians and other skilled expatriate talent urgently needed in Shanghai, expatriate talent meeting the industrial development needs of Lin-gang New Area, they will be subject to properly relaxed restrictions on age, education and work experience and will obtain a 2-year or longer Foreigner's Work Permit.

◎ Among key expatriate members of leading teams made up of scientific research and innovation talent and undertaking major national and municipal projects in Lin-gang New Area, those core expatriate members of the project teams who meet the basic criteria can be certified as high-level expatriate talent and will be entitled to the relevant preferential treatment offered by the Shanghai Municipality for high-level expatriate talent.

◎ A maximum of 10 merit-based extra points will be earned if the local government rewards expatriate talent merit points

in relation to their Foreigner's Work Permit and Visa.

◎ An undertaking approach is adopted for high-level expatriate talent in respect of their certificate of no criminal conviction, certificate of qualification to work, and related certificates of qualifications when they apply for a permit to work in China, and a "Green Channel" is available for them, such as exemption from verification of their certificate of qualification to work and academic certificates and simplification of the materials verification process.

# 7

## Does Lin-gang New Area have any globally competitive fiscal, tax and financial policies?

◎ Set up special development funds for Lin-gang New Area. The tax revenue, land sale revenue, supporting infrastructure fees and special funds at the municipal and district levels will be integrated to set up special development funds for Lin-gang New Area, which will contribute a total amount of no less than RMB 100 billion in five years which will be used to support various industries, innovation and entrepreneurship, talent introduction and training, building of infrastructure and public facilities as planned for Lin-gang New Area as a whole.

◎ Qualified enterprises engaged in production, research and development during the core processes in integrated circuit, artificial intelligence, biomedicine, civil aviation and other key sectors in Lin-gang New Area can enjoy tax

reduction, i.e., they will pay corporate income tax at a reduced rate of 15% within five years from the date of their establishment.

◎ Qualified enterprises engaged in production, design and software of integrated circuit will be entitled to preferential policies in respect of corporate income tax. For example, they will be exempt from corporate tax in the first two years and pay corporate income tax at a reduced rate of 50% in the subsequent three years starting from the year they make profit; or they will be exempt from corporate tax in the first five years and pay corporate income tax at a reduced rate of 50% in the subsequent five years starting from the year they make profit;

◎ High-end expatriate talent and urgently needed talent

working in Lin-gang New Area will be entitled to a subsidy in respect of the difference between the individual income tax amounts payable by them inside and outside China;

◎ Special tax policies shall be applied to goods entering the physical fence area of the Yang Shan Special Comprehensive Bonded Zone from abroad as well as the transactions of goods and services between enterprises within the physical fence area;

◎ Expand the application scope of the VAT policy for service export in Lin-gang New Area, and study the tax policies applicable to Lin-gang New Area in line with the development of outbound investment and offshore business.

◎ Explore the tax policies and arrangements for pilot free trade accounts.



# ZHANGJIANG NATIONAL INNOVATION DEMONSTRATION ZONE



Among the first batch of National High-Tech Zones approved in China, a development pattern of "one zone 22 parks" has evolved in Zhangjiang High-Tech Zone since 1991, with a total area of 531 square kilometers, covering all the districts of Shanghai. In January 2011, the State Council approved supporting the establishment by Shanghai Zhangjiang High-Tech Industrial Development Zone of a national independent innovation demonstration zone, and endowing Zhangjiang with a mission to deepen reform, and take the lead to operate pilot projects. Zhangjiang High-Tech Zone entered into a new historical development period.

Built upon global innovation resources and strong interaction with global innovation networks, Zhangjiang is home to over 70,000 innovative hi-tech enterprises, 368 Fortune 500 firms, a number of industry clusters worth hundreds of billions of yuan, etc. According to statistics, 1,000+ inventions are patented every month; at least 30 pieces of creative software are developed every day; and one person in the world is using innovative products from Zhangjiang every 30 seconds.

## Q&A

# 1

### **What supports are available to enterprises in Zhangjiang National Innovation Demonstration Zone ( “Zone” )?**

◎ In terms of optimizing public service environment, support science and technology services like innovation & entrepreneurship and intellectual property rights (IPRs); support technology enterprises’ equity financing and credit financing; support the construction of national ecological demonstration zone and zero-emission pilot demonstration zone.

◎ In terms of attracting and fostering excellent talents, support the hiring of senior experts and excellent young talents; support the implementation of rewarding excellent young scientific

research talents; support the practice of boosting levels of comprehensive services for talents and strengthening guaranteed housing supply for talents.

◎ In terms of promoting the transformation of innovation achievements, support the industrialization of innovation achievements in the Zone; support enterprises in making key breakthroughs and performing the transformation of core technologies; support the demonstrative application of original equipment and products in the Zone; support the high-speed development of new high-tech enterprises; support

enterprises in key industries in conducting international certification and participating in international cooperation and exchange.

◎ In terms of developing innovative industry clusters, support the introduction of high-quality industrial resources aimed at development priorities and weak links of industry chains of emerging industries, which include domestic and overseas R&D institutions, key laboratories, functional headquarters, leading enterprises and innovation platforms in the frontiers of science and technology.



## 2

### What resource advantages does Zhangjiang National Innovation Demonstration Zone ( “Zone” ) have?

◎ Science and technology layout with global vision. Built upon a national large-scale scientific facilities cluster, the Zone will set up the world’ s largest photonic science center with the most complete categories and the strongest comprehensive ability focusing on the new-generation light source technology. In addition, national laboratories and global top scientist studios

including Zhangjiang Lab and Tsung-Dao Lee Institute will be also built.

◎ Open, innovative working platforms. International innovation platforms have been established in the Zone, including China-Israel, China-Germany, China-Finland and China-Singapore innovation centers; 300+ foreign-funded R&D centers have also settled

down in the Zone.

◎ Inclusive, sharing entrepreneurial environment. Innovators and entrepreneurs will have access to healthcare, educational, eldercare and cultural services at an international level, and talent apartments with total floor area of more than 10 million square meters to address diverse housing requirements.



# 3

## **Which innovative initiatives are taken this year to attract more high-level talents from home and abroad?**

With the opening of the international talent port in Zhangjiang, talent approval services will be processed via “one website” . This will help greatly improve the efficiency of approval, and the approval of work permits and residence permits will be completed within five calendar days. HR services have adopted “One-stop supply” , which can provide high-quality market service resources for enterprises to recruit and employ people. “All-round help” system has been implemented

for talent innovation and entrepreneurship. Under the system, Zhangjiang international talent port provides services for talents to innovate and launch businesses in all fields, at all links and throughout the life cycle, furthers the implementation of innovation and entrepreneurship policies, accelerates the development of entrepreneurship projects and the transformation of scientific and technological achievements. Shanghai international technological innovation

talent service center officially opened, which is designed as a one-stop all-pass service window addressing the needs of introduced high-level technological innovation talents by providing them with 18 public personnel & talent service items, including work permits for foreigners working in China, residence permits for talents from abroad, and application by returned overseas students for permanent residence in Shanghai.

# SHANGHAI HONGQIAO CENTRAL BUSINESS DISTRICT



Hongqiao Central Business District is a new platform specified in China's Planning Framework for the Integrated Development of the Yangtze River Delta Region and will be built into Hongqiao International Open Hub, an international central business district and an international trade center. Located in the west of downtown Shanghai and at the core of the Yangtze River Delta megalopolis, Hongqiao Central Business District hosts the perennial venue of China International Import Expo. With a total planned area of 151 square kilometers, it has the world's largest Hongqiao Integrated Transportation Hub and National Exhibition and Convention Center. Since the launch of its planning and development in 2009, Hongqiao Central Business District has focused on the development of headquarters economy and the modern service industry, made



efforts to improve its international trade functions, given priorities to international trade, MICE tourism, modern logistics, aviation services, satellite navigation, medicine and health care, culture and creative, professional services, financial services, artificial intelligence, information services, and other industries, and has gradually developed a pattern featuring big transportation, big exhibition, and big commerce.

The Implementation Plan for Accelerating the Development of Hongqiao Central Business District into an International Open Hub has been released and put into force. We will focus on bringing together a number of high-level trade entities and functional platforms, develop headquarters, platform, digital and exhibition economy, relax restrictions on access of foreign investment companies, support exhibitions and conferences accredited by authoritative international organizations, establish an institutional system that is in line with the prevailing international rules, and explore more pilot measures to expand opening-up in such areas as digital trade, financial services, information services, and exhibition services.

## Q&A

### 1

#### **What are the priorities supported by the Administrative Measures of Shanghai Hongqiao Central Business District for Special Development Fund?**

The Administrative Measures of Shanghai Hongqiao Central Business District for Special Development Fund provides a fund pool of RMB 2 billion, which will focus on business and transportation projects that promote industrial

agglomeration, function creation, and talent attraction. We will provide free financial support, subsidized loans, government subsidies, and government procurement of services for major projects that optimize the business

environment, promote low-carbon practice area, green ecological demonstration city and smart Hongqiao, and gather innovative and entrepreneurial talents (in principle, only one form of support will be applied).

## 2

### **What highlight policies does Hongqiao Central Business District have to offer in terms of industrial support?**

We support the development of headquarters economy and provide a decoration subsidy of up to RMB 6 million to a headquarters enterprise that settles in Hongqiao Central Business District and is certified by the competent national or municipal functional

department.

For the branding activities and high-end international commerce and trade activities conducted by various market players in Hongqiao Central Business District, we will provide a subsidy of up to RMB 1 million for any single eligible activity.

We will provide supportive policies, including rent subsidies and start-up subsidies, to enterprises that conform to regional functional positioning and industrial orientation and meet certain standards.

## 3

### **What policies does Hongqiao Central Business District have for functional platforms?**

Hongqiao Imported Goods Exhibition and Trading Center provides three years' rent subsidy and a startup subsidy of up to RMB 1.5 million for eligible enterprises in this District; the goods stored in the bonded logistics center of Hongqiao Central Business District (Type B) are exempt from warehousing charges for a certain period of

time.

Hongqiao Overseas Trade Center provides rent-free office space for three years and a start-up subsidy of up to RMB1.5 million for eligible overseas non-profit trade service and investment service international organizations or institutions, chambers of commerce, and trade associations.

Yangtze River Delta E-commerce Center will provide three years' rent subsidy and a startup subsidy of up to RMB 1.5 million to eligible e-commerce and other digital trading enterprises or associations, in an attempt to build Hongqiao Digital Trading Port.



# 4

## What policies does Hongqiao Central Business District have in offering services for enterprises and talent?

We will set up a service window for foreigners to apply for a permit to work in China, and reward merit points and offer other types of convenience for foreign reserve talent, talent with special skills and high-end talent employed by enterprises in this District to apply for work permits. Meanwhile, we will

provide convenience to foreign talent who are employed by enterprises in the Yangtze River Delta and assigned to work in Hongqiao Central Business District, such as applying for work permits.

We will provide services for trademark registration (including the Madrid System

for the international registration of marks) for enterprises in Hongqiao Central Business District as well as a series of featured services (such as legal assistance in international trade and international commercial arbitration) so as to provide convenient and reliable services and support for enterprises.





# CHAPTER 3

The Policies for the Integrated  
Development of the Yangtze  
River Delta Region



The Yangtze River Delta megalopolis, which is centered on Shanghai and consists of 26 cities including Shanghai and some other cities in Jiangsu, Zhejiang and Anhui provinces, has become one of the six internationally-recognized world-class megalopolises. The Yangtze River Delta region is one of the regions with the most vibrant economic development, the highest degree of openness and the strongest innovation ability in China, and it is also an important junction of "Belt and Road" and the Yangtze River Economic Belt. At present, Shanghai has made it clear that in the future, it will build three key areas, namely, the Yangtze River Delta Eco-green Integrated Development Demonstration Zone, a new area of Shanghai Pilot Free Trade Zone and Hongqiao Central Business District.

Shanghai Municipality, Jiangsu Province and Anhui Province has come into acknowledgment during the discussion meetings of key leaders of Yangtze River Delta region in respect of the integrated development of Yangtze River Delta region and has proposed that, the Yangtze River Delta Eco-green Integrated Development Demonstration Zone will adopt an ecologically oriented development strategy and be located at the junction of Qingpu in Shanghai, Wujiang in Suzhou and Jiashan in Zhejiang Province. Hundreds of square kilometers of six designated towns will serve as the starting area of the demonstration zone, where priorities will be put on exploring institutional breakthroughs in planning, land, investment management, factor flow, fiscal and tax sharing, public service policy, ecological control, public credit and other aspects.

For the purpose of further playing the leading role of Shanghai in the integration of Yangtze River Delta region, Lin-gang Area, as a new area of Shanghai Pilot Free Trade Zone, will earnestly implement the central government's directive on elevating the integrated development of the Yangtze River Delta region to a national strategy, and build a north-south scientific and technological innovation corridor with Lin-gang - Zhangjiang as the main axis and a Yangtze River Delta coastal innovation belt with eastern coastal cities constituting the main axis. By supporting the construction of an innovative service platform, earmarking special fund to support the development of projects, promoting the innovation of the "joint construction, sharing and win-win" cooperation mode, supporting talent training and exchange, and providing industrial financial support, we will make every effort to ensure that the action plan for adding the Lin-gang Area to the "Yangtze River Delta Integration" can be effectively implemented.

In 2019, for the purpose of full promotion of the integrated development of Yangtze River Delta region with high efficiency, ensuring the division and implementation of each mission and specifying the responsible parties, Shanghai defines the new orientation of Hongqiao Business District, that is, to strive to build Hongqiao into an international open hub, improve its ability to serve the overall development of the country, build an international central business district and a new platform for international trade center, and develop a hub function to serve the Yangtze River Delta's interaction with the international community. At present, Hongqiao Central Business District has established all-round cooperation with 17 major cities in the Yangtze River Delta and built a number of functional platforms, such as the Yangtze River Delta Urban Exhibition Center, the Yangtze River Delta E-commerce Center, and the Yangtze River Delta Conference, Commerce, Tourism, Culture and Sports Demonstration Zone Linkage Platform, and it is exploring the collection, interconnection, sharing and application of industrial data facing the Yangtze River Delta.



## **1 What ecological systems will be priorities of construction in Yangtze River Delta Eco-green Integrated Development Demonstration Zone?**

The demonstration zone for eco-green integrated development of the Yangtze River Delta will be located in Wujiang District of Suzhou, Jiangsu Province, Jiashan County, Jiaxing, Zhejiang Province and Qingpu District of Shanghai. In the process of implementing the Yangtze River Delta integration strategy, this area will be built into a demonstration zone for eco-green integrated development.

The demonstration zone will focus on the following four systems:

First, we will work together to build a coordinated and symbiotic ecological system, which will focus on strengthening the construction of a regional ecological corridor, making solid progress in preventing and controlling water pollution and restoring water ecosystem, and effectively enhancing the protection of cross-regional river and lake water sources.

Second, we will establish a green and innovative development system, build a low-carbon development pilot zone, fully create an eco-industrial park, actively introduce high-tech industries, build incubation bases for environmental

protection technology in the demonstration zone, construct a demonstration zone for ecological and healthy agriculture, study and establish a green GEP accounting and tracking evaluation system, and innovate green finance and other investment and financing mechanisms.

Third, we will establish a well-coordinated environmental institutional system and explore ways to establish an innovative system that can be demonstrated and popularized. We will formulate regulations on the protection of drinking water sources in the demonstration zone, establish a unified ecological red line control system in the demonstration zone, divide ecological space control units in a unified way, and push forward the reform of integrating environmental impact assessment and pollutant discharge permits.

Fourth, we will improve the integrated environmental management system, promote the unification of standards, monitoring and supervision, and establish a coordinated and efficient integrated environmental management system.



## **2 What are the innovations with respect to the cooperation systems in the Yangtze River Delta Eco-green Integrated Development Demonstration Zone?**

The Regional Cooperation Office of the Yangtze River Delta, jointly established by three provinces and one municipality, was set up in Shanghai in 2018, becoming the first official permanent body across administrative regions in the integration process of the Yangtze River Delta. With the main mission of building the Yangtze River Delta region into a leading model region with implementation of innovative development concept, the office sets the tone for the work plans and regional development goals of the provinces and the municipality. The documents also made it clear that, in the process of implementing the Yangtze River Delta integration strategy, the demonstration zone for eco-green integrated development will be located in Wujiang District of Suzhou, Jiangsu Province, Jiashan County, Jiaxing,

Zhejiang Province and Qingpu District of Shanghai. At present, Qingpu District of Shanghai has established a multi-field cooperation mechanism with Jiaxing and Suzhou respectively, and jointly established a "small Yangtze River Delta cooperation office" with Jiashan County of Jiaxing and Wujiang District of Suzhou, thus establishing a physical office and implementing 77 integration-related matters. They will work together to draw up land and space plans and various special plans for the integration demonstration zone, so that "one blueprint" can be applied to the whole region; establish a unified planning management information platform to manage the implementation of planning via "one platform".

## **3 Which key fields will be boosted in the process of Lin-gang New Area' s addition to Yangtze River Delta integration?**

The seven major fields involved in adding the Lin-gang New Area to "Yangtze River Delta Integration" include the development of ships and marine engineering, marine resources R&D and utilization, industrial Internet, general aviation industry,

vigorous development of intelligent connected vehicles, promotion of intelligent manufacturing technology application demonstration, as well as popular science base construction.

#### **4 What functional platforms will Hongqiao Central Business District build in terms of inter-city linkage in Yangtze River Delta Integration?**

In terms of inter-city linkage in Yangtze River Delta integration, Hongqiao Central Business District will focus on building various functional platforms and improving service level, including: Hongqiao Overseas Trade Center, which is non-profit and aims to promote the exchange of products and services and attract enterprises which are able to drive trade and investment; Yangtze River Delta Regional City Exhibition Center and Hongqiao Imported Goods

Exhibition and Trading Center which aim to provide information and consulting services for enterprises from global economies seeking trade partners in the Yangtze River Delta; and the E-commerce Agglomeration Center, which is actively built to further improve the ability to serve the Yangtze River Delta integration and which is led by e-commerce giants such as Alibaba, JD.com and VIP.com.

#### **5 What key industries will be deployed in Qingpu District in the process of Yangtze River Delta integration?**

Qingpu District has established a new industrial development strategy called "three bigs, two highs and one characteristic" : wherein, "three bigs" mean big logistics, big exhibition and big commerce;

"two highs" mean high-end information technology and high-end intelligent manufacturing; and "one characteristic" means accelerating the development of cultural tourism and health industries.



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