Catalogue of Encouraged Industries for Foreign Investment

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Unofficial English translation prepared for reference only. The official Chinese text prevails.

Contents

Table of Contents 1

Part I — Overview 1

Part II — Encouraged Industries (Selected Key Sectors) 2

Section A — Agriculture, Forestry, Animal Husbandry, and Fishery 2

Section B — Manufacturing 2

Section C — Services 2

Section D — Energy, Environment, and Infrastructure 2

Part III — Industries with Regional Advantages (Central and Western Regions) 2

Part IV — Incentives and Benefits 3

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Table of Contents

- Part I — Overview
- Part II — Encouraged Industries
- Part III — Regional Advantages
- Part IV — Incentives and Benefits

Part I — Overview

Article 1 — The Catalogue of Encouraged Industries for Foreign Investment (2022 Edition) (hereinafter referred to as the "Catalogue") is formulated in accordance with the Foreign Investment Law of the People's Republic of China to guide the direction of foreign investment, improve the quality of foreign investment utilization, and optimize the structure of foreign investment.

Article 2 — The Catalogue consists of two parts: the Catalogue of Encouraged Industries for Foreign Investment Applicable Nationwide and the Catalogue of Encouraged Industries for Foreign Investment with Advantages in the Central and Western Regions. Foreign investment projects falling within the scope of the Catalogue shall enjoy relevant preferential policies in accordance with laws, administrative regulations, or the provisions of the State Council.

Article 3 — The Catalogue is applicable to foreign-invested enterprises and foreign investment projects within the territory of the People's Republic of China. The encouraging policies for foreign investment apply to all types of foreign-invested enterprises, including wholly foreign-owned enterprises (WFOEs),

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Sino-foreign equity joint ventures, and Sino-foreign contractual joint ventures.

Part II — Encouraged Industries (Selected Key Sectors)

Section A — Agriculture, Forestry, Animal Husbandry, and Fishery

Article 4 — The following agricultural sectors are encouraged for foreign investment: (1) development, production, and processing of woody edible oils, seasoning products, and industrial raw materials; (2) green and organic vegetable cultivation, production of new technology for dry-land agriculture, water-saving irrigation, and water-conserving dry farming; (3) production of new varieties of crops, vegetables, fruits, and Chinese herbal medicines; (4) processing of crop straws, comprehensive utilization and development of livestock and poultry manure resources; and (5) deep processing of aquatic products, production of functional protein foods.

Section B — Manufacturing

Article 5 — The following manufacturing sectors are encouraged: (1) research, development, and manufacturing of new energy vehicles and key components; (2) research, development, and manufacturing of high-energy-density power batteries, fuel cells, and key materials; (3) manufacturing of pharmaceutical products using bio-technology, including new vaccines, genetic engineering drugs, and biological diagnostic reagents; (4) manufacturing of new-type medical devices and equipment; (5) manufacturing of high-end equipment such as industrial robots, special robots, and service robots; (6) manufacturing of aerospace equipment and key components; (7) manufacturing of rail transit equipment including high-speed railway and urban rail transit; (8) manufacturing of integrated circuits, semiconductor discrete devices, and electronic components; (9) manufacturing of new-type displays and related equipment; (10) manufacturing of next-generation mobile communication network equipment, terminals, and key components; (11) manufacturing of intelligent manufacturing equipment; (12) manufacturing of new materials including new-type alloy materials, composite materials, and nano materials; and (13) research, development, and manufacturing of energy-saving and environmental protection equipment.

Section C — Services

Article 6 — The following service sectors are encouraged: (1) modern logistics services, including cold chain logistics, supply chain management, and third-party logistics; (2) technical services including research and development, engineering design, and technical consulting; (3) information technology services and service outsourcing; (4) elderly care services and facilities; (5) tourism development and operation of tourist attractions; (6) sports event organization, sports venue management, and fitness and leisure services; (7) performance venue management and operation; (8) cultural creative industries; (9) convention and exhibition services; (10) vocational skills training and certification; (11) health care and medical care services; and (12) early childhood education and child care services.

Section D — Energy, Environment, and Infrastructure

Article 7 — The following energy and environmental sectors are encouraged: (1) development and utilization of new energy such as solar energy, wind energy, biomass energy, geothermal energy, and ocean energy; (2) comprehensive utilization of bulk industrial solid wastes; (3) construction and operation of urban water supply and drainage facilities; (4) construction and operation of urban gas, central heating, and pipe networks; (5) construction and operation of environmental pollution treatment facilities; (6) construction and operation of ecological environment protection and restoration projects; (7) construction and operation of charging and battery swap facilities for new energy vehicles; and (8) hydrogen production, storage, transportation, refueling, and related equipment manufacturing.

Part III — Industries with Regional Advantages (Central and Western Regions)

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Article 8 — Foreign investment projects in the following regions that fall within the scope of the Catalogue of Encouraged Industries with Advantages in the Central and Western Regions shall enjoy the same preferential policies: (1) processing and comprehensive utilization of agricultural and sideline products; (2) tourism development and management; (3) production of ethnic handicrafts, traditional handicrafts, and featured light industrial products; (4) processing of advantageous mineral resources and comprehensive utilization; (5) manufacturing of new building materials, energy-saving building materials, and green building materials; (6) automobile parts manufacturing; and (7) labor-intensive industries that comply with environmental protection requirements.

Article 9 — The central and western regions covered by this Catalogue include: Shanxi, Inner Mongolia, Jilin, Heilongjiang, Anhui, Jiangxi, Henan, Hubei, Hunan, Guangxi, Hainan, Sichuan, Guizhou, Yunnan, Tibet, Shaanxi, Gansu, Qinghai, Ningxia, and Xinjiang. The specific encouraged industries applicable to each province, autonomous region, and municipality shall be determined according to the provincial sub-catalogue.

Part IV — Incentives and Benefits

Article 10 — Foreign-invested enterprises investing in encouraged industries may enjoy the following preferential policies: (1) exemption from customs duties on self-use equipment imported within the total investment amount for the encouraged project, except for goods listed in the Catalogue of Imported Commodities Not Eligible for Tax Exemption for Foreign-Invested Projects; (2) reduction of enterprise income tax to 15 percent for foreign-invested enterprises in encouraged industries located in the western regions; (3) priority in land supply, with the land transfer price to be determined at a rate not lower than 70 percent of the minimum price for the corresponding land grade; and (4) priority in obtaining credit support and enjoying simplified administrative procedures for project approval, registration, and other matters.

Article 11 — Foreign-invested enterprises in encouraged industries may also enjoy various local incentives provided by provincial, municipal, and county-level governments, including but not limited to: (1) rent subsidies for factory and office buildings; (2) talent introduction subsidies and housing subsidies for senior management and technical personnel; (3) training subsidies for employee skills upgrading; (4) research and development expense subsidies; (5) loan interest subsidies; and (6) one-time start-up subsidies.

Article 12 — The Catalogue shall come into effect on January 1, 2023. The Catalogue of Encouraged Industries for Foreign Investment (2020 Edition) issued by the National Development and Reform Commission and the Ministry of Commerce shall be repealed simultaneously.

Disclaimer: This is a selected summary translation provided for informational purposes only. The full official Catalogue contains many more specific industry entries. This translation is not an official translation and only the original Chinese text shall have legal effect. Foreign investors should consult the complete official Catalogue and seek professional advice before making investment decisions. Dan Young Business Consultancy makes no warranty as to the accuracy or completeness of this translation.

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