

Provisions on the Encouragement of Multinational Corporations to Establish Regional Headquarters in China of the PRC

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

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Article 1 — These Provisions are formulated in accordance with the relevant laws and regulations on foreign investment to encourage multinational corporations to establish regional headquarters in China, to promote the concentration of headquarters economy functions, and to enhance the level of opening up to the outside world.

Article 2 — For the purposes of these Provisions, the term "regional headquarters of a multinational corporation" means an enterprise established within the territory of China by a foreign investor that performs the functions of investment, operation and management, research and development, capital management, procurement and sales, logistics and distribution, shared services, and other operational and management functions for enterprises established by the foreign investor within one or more provinces, autonomous regions, or municipalities directly under the Central Government in China.

Article 3 — The establishment of a regional headquarters of a multinational corporation shall satisfy the following conditions: (1) the foreign investor shall have total assets of not less than USD 400 million, of which the paid-in registered capital contributed in China shall not be less than USD 10 million; (2) the foreign investor shall have established three or more foreign-invested enterprises in China; (3) the registered capital of the regional headquarters shall not be less than USD 2 million; and (4) other conditions as prescribed by laws and administrative regulations.

Article 4 — The establishment of a regional headquarters shall be subject to the approval of the Ministry of Commerce. The applicant shall submit the application documents to the provincial commerce department of the place where the headquarters is to be established, and the provincial commerce department shall forward the application to the Ministry of Commerce for approval within 15 working days after receiving all the required documents.

Article 5 — A regional headquarters of a multinational corporation may engage in the following business activities within its approved business scope: (1) investing in and operating enterprises within China; (2) providing agency, consulting, and information services for its invested enterprises in China; (3) providing centralized management and coordination for its invested enterprises in China; (4) engaging in capital management, including foreign exchange fund management and centralized procurement; (5) providing operational management, marketing, and distribution support services; (6) providing training, human resources, and financial management services; and (7) other activities approved by the Ministry of

Commerce.

Article 6 — A regional headquarters may establish a purchasing center, a distribution center, a research and development center, a financial management center, or other functional institutions within China to perform the corresponding functions.

Article 7 — Regional headquarters of multinational corporations may enjoy the following convenient policies with respect to foreign exchange administration, customs, entry and exit, and other matters: (1) a regional headquarters may manage the centralized operation and centralized collection and payment of foreign exchange funds for its invested enterprises in China; (2) a regional headquarters may provide centralized guarantees and centralized credit for its invested enterprises; (3) a regional headquarters may apply for the facilitation of the entry, exit, and residence formalities for its foreign employees; and (4) a regional headquarters may enjoy convenient customs clearance for the goods and articles it imports and exports.

Article 8 — Local governments at or above the provincial level may, within their authority, introduce preferential policies regarding office premises, subsidies, tax incentives, talent introduction, and other matters for regional headquarters of multinational corporations.

Article 9 — A regional headquarters shall, by March 31 of each year, submit a report on its operations and investments for the previous year and information on changes in its invested enterprises to the Ministry of Commerce and the provincial commerce department.

Article 10 — Commerce departments shall strengthen supervision and administration of regional headquarters of multinational corporations and shall promptly investigate and handle any illegal activities discovered.

Article 11 — These Provisions shall apply, *mutatis mutandis*, to regional headquarters established by investors from the Hong Kong Special Administrative Region, the Macao Special Administrative Region, and the Taiwan region in Mainland China.

Article 12 — These Provisions shall come into force 30 days after the date of issuance.

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