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# Hainan Free Trade Port Innovative Policies and Advantages

全球投資服務熱線  
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Simplified Version



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## Quick Facts about Hainan

*"We shall:*

*Speed up building a free trade port with Chinese characteristics and global influence;*

*Turn Hainan into a demonstration of China's reform and opening-up in the new era;*

*Build the Hainan Free Trade Port into a brilliant showcase to convey China's image."*

By Chinese President Xi Jinping  
April 2022 in Hainan

- ❑ Aiming toward independent customs operations across the island by 2025, featuring trade and investment liberalization and facilitation, supported by free cross-border flow of various production factors, plus special tax regime and efficient, law-based administration.
- ❑ 13 times larger than that of the **rest 20 free trade zones in China combined, and 32 times larger than that of Hong Kong.**
- ❑ Four-hour flight to reach **47% of the world's population and 30% of GDP.**
- ❑ **The only tropical province in China**, located at 18° north latitude, the so-called 'golden latitude' .
- ❑ **Important maritime gateway** as it neighbors the southeast Asia and faces the Pacific Ocean and the Indian Ocean.
- ❑ With capital city Haikou listed by China as the international transportation hub city, the Meilan Airport shall have the capacity of handling **35 million** passengers and **400,000 tons** of cargo by 2025.
- ❑ 123 systemic innovation cases issued, many of which are **first-adopters** in the country.
- ❑ **Tourism, modern service, new and high-tech and tropical high-production agriculture** as four pillar industries.
- ❑ **Rich in resources**, including flora and fauna, fisheries, oil and gas, tourism and unexploited land, with **the largest tropical gene pool in China.**
- ❑ **Tax items simplified and merged** upon independent customs operations in 2025, with sales tax to be levied at retail link.
- ❑ VAT and consumption tax to be **refunded for goods entering the Hainan FTP from the Chinese mainland.**
- ❑ **The only province in China** enabling **duty-free shopping** without leaving the country.

## Policy of general application ☆

*Note: policies marked \* are first adopted in the country.*

- \*Qualified talents are entitled to a **maximum of 15% effective individual income tax rate**.
- \*For encouraged industries, enterprises that are registered in Hainan Free Trade Port and have a practical operational record are entitled to a **reduced corporate income tax rate of 15%**.
- \*Applying a negative list for cross-border trade in services, and a negative list for foreign investment access in Hainan Free Trade Port.
- Treating domestic and foreign investment **as equals** in government procurement.
- \*Implementing a more convenient **visa-free** entry policy.
- \***Applying negative list management for foreign workers' work permits.**
- \*Permitting foreign personnel to serve as legal representatives of legal bodies, public institutions and state-owned enterprises.
- *The Law of the People's Republic of China on the Hainan Free Trade Port* provides **legal guarantee** for relevant policies of Hainan Free Trade Port in the form of legislation.



## Gold and Jewelry Industry

- Self-use production equipment of imported diamond jewelry is granted zero tariff, and enjoys 15% corporate income tax.
- The current offshore duty-free policy applies to gold jewelry products.
- Gold jewelry products whose added value exceeds 30% after processed at Hainan FTP, sold to other provinces in the mainland can be exempted from import tariffs.

## Enterprise Case

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The shipping industry 

- Shipping companies that successfully opens new container liner routes will be rewarded up to **RMB 22 million** (for the first two years combined, 12 trips/year for intercontinental routes); or **RMB 2.7 million** (24 trips per year for routes to Hong Kong, Macao and Taiwan).
- Companies with **stable operations** at Yangpu port in the third and fourth years will be rewarded up to **RMB 4 million** per year (throughput up to 40,000 TEU).
- Each enterprise will be rewarded up to RMB 5 million for opening the container barge route within the province (RMB 15,000 yuan/voyage for Haikou-Yangpu route).
- Long-term liner routes will be granted reward of RMB 500,000 per year; while incremental volume reward (RMB 20/TEU for domestic trade and RMB 40/TEU for foreign trade), transit container reward (RMB 50-60/TEU for foreign trade and RMB 40-50/TEU for domestic trade), and bulk-for-container reward (RMB 150/TEU for cargo produced by enterprises in Yangpu) will be granted according to container volume.



- Maximum reward for **ship registration** is **RMB 4 million** (for ships under 10 years old), or RMB 3 million (for ships above 10 years and under 18 years old).
- For a ship registered as mortgage, maximum amount of discount interest at RMB 150,000/year will be paid to the enterprise.
- **Special fund with an amount of RMB 5 million** will be arranged every year to be paid to profit-making work ships and construction ships registered in Yangpu as rewards, according to the power of the main engine.
- Before the island-wide independent customs operations, the import of vessels, aircraft, vehicles and other means for transportation for business operation in transportation and tourism industries, as well as yachts, will be exempted from **import duties, import value-added tax and consumption tax**.
- **VAT refund** will be applied on transport enterprises that purchase ships within China (they need to register in Yangpu port and engage in international transport or transport with Hong Kong, Macao and Taiwan).
- Ships engaged in foreign trade could be **refilled with bonded oil within the territory**; those refueled with **locally produced fuel oil** could enjoy **export tax rebate**.
- Yachts coming from Hong Kong and Macao only need to **apply for entry one day in advance**, with **no need to change the pilot's license**, and overall inspection time at port is reduced to less than one hour.
- **The country's first place to adopt the import duty insurance scheme** to replace the high amount guarantee of import duty for yachts.

## Related Case



## Hong Kong and Macau cruise

## Industrial Policy



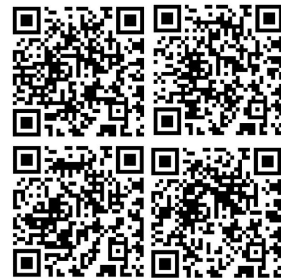


### Financial Industry

- **\*Cancel** the case-by-case **registration of foreign debts** for non-financial enterprises.
- **\*Competitiveness of Hainan's Qualified Domestic Limited Partner (QDLP)** includes: **minimum requirement on registered capital** (RMB 5 million), minimum requirement on shareholder qualification, most clear fund investment scope, minimum restrictions on quota application, and flexible adjustment of investment quota.
- **\*Competitiveness of Hainan's Qualified Foreign Limited Partner (QFLP)** includes: Currency of investment can be RMB or any freely-convertible foreign currency; **No minimum capital requirement; free inward/outward remittance of funds**; Under the premise of controllable risks, QFLPs in Hainan Free Trade Port are allowed to freely export and remit funds in accordance with the balance management mode, and foreign exchange registration procedures are simplified; Equity investment management talents can apply to be recognized as **Hainan high-level talents** according to relevant regulations, and qualified talents can enjoy preferential policies on hukou, car purchase and house purchase, spouse employment, children's schooling, medical care and housing security, etc.

- "New finance" business support policies include: Promoting the issuance of infrastructure REITs; Guiding QFLP funds to invest in Hainan; Carrying out cross-border asset management business pilot programs, expanding the scope of cross-border asset transfer, etc.
- Expand policy support for **overseas financing**. (Raising the ceiling, encouraging overseas listing and bond issuance).
- Support the **establishment of public fund management firms** in Hainan, support wholly-owned **futures companies** and **private equity funds that invest in modern agriculture**.
- Encourage Hainan insurance company to cooperate with Hong Kong and Macao.
- **Remove restrictions** on **overseas financing** for ships and aircraft.
- **Decentralize the registration management of foreign debt** issued by enterprises to Hainan provincial authority.
- Establish international exchanges for energy, shipping, equity and share exchange.
- Develop **over-the-counter derivatives business**.
- Issue **Hainan provincial government bonds** globally.

### Industrial Policy



## Tourism &amp; Exhibition Industry

- For tourism projects with an annual fixed asset investment of over **RMB 20 million**, **5%** of its total fixed assets investment will be rewarded with a cap of **RMB 20 million**.
- The ones who successfully establish **national/provincial tourism demonstration zones/resorts** will be rewarded with a cap of **RMB 10 million**.
- **Big data** will be used to create tourism consumer price index.
- **Tax exemption on imports and sales for overseas exhibits** during exhibitions.
- \*Establish a **pilot zone for cruise tourism**.

Case



Policy



## Healthcare Industry

- \*Preferential policies of **Boao Lecheng International Medical Tourism Pilot Zone** (i.e., the old and new "Nine national policies").
- Hong Kong service providers may set up **wholly-owned** hospitals.
- Hong Kong doctors can engage in **clinical diagnosis and treatment activities** in mainland medical institutions for **no more than three years**, and shall apply for registration again after three-year period expires.
- Support cooperation with overseas institutions to develop **cross-border medical insurance products**.
- \*Boao Lecheng International Medical Tourism Pilot Zone invented **the supervision mode for clinically urgently needed, domestic unlisted imported drugs**.

Case

Boao Super Hospital

Policy



General Trade 

- Corporate income tax on **bulk commodity trade** (excluding those under state quota management) is **15%**.
- \*Pilot in Yangpu Bonded Port area: (a) import and export of crude oil and refined oil are **not subject to enterprise qualification and quantity management**; (b) import of sugar is not subject to total tariff quota management.
- Apply zero-tariff negative list management to enterprises importing self-use equipment.
- Export of second-hand cars has been carried out on a pilot basis.
- Launch trials to facilitate trade and foreign exchange payments.
- Implement systems of "**one network handling all issues**", "**first receptionist to be responsible**", "**handling within time limit**".
- Establish the first "**single window**" for international trade and investment.

## Industrial policy

Retail Industry 

- \* Allow **RMB 100,000 duty-free quota per person per year**, covering 45 categories of offshore duty-free commodities.
- \*Offshore duty-free products **tracing system** implemented.
- \* Delivery **by mail** service added for duty-free products.

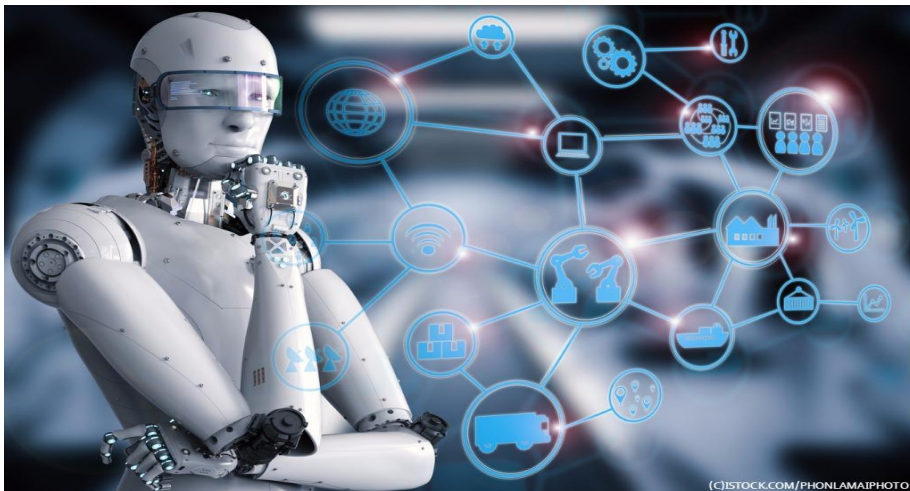
## Case

## China Tourism Group Duty Free Corporation Limited



Science and technology industry 

- The highest reward provided by "elite action" to high-tech enterprises is **RMB 10 million**.
- The reward for scientific research and technology service enterprises with scale-up revenue is **up to RMB 1.5 million** (annual revenue exceeding RMB 1 billion for the first time).
- **Special support policies** for the development of new and high-tech enterprises (cultivation and introduction of new and high-tech enterprises, innovation and entrepreneurship platform to serve new and high-tech enterprises, sci-tech innovation vouchers and financial subsidies).
- Establish **Hainan International Intellectual Property Rights Exchange**.
- Build the **national base of blockchain technology**.

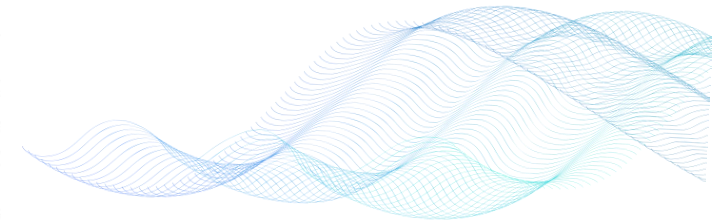
Industrial  
Policy

(C)ISTOCK.COM/PHONLAMAIPHOTO

Offshore Trade 

- New type offshore trading enterprises can enjoy **15% corporate income tax**.
- After the introduction of **Yangpu's Global Trader Program**, enterprises can enjoy more benefits.
- Through **Hainan e-registration platform**, one can handle account opening and establishment registration and other businesses quickly and conveniently.

## Enterprise Case





Telecommunication/information  
technology

- Open up **value-added telecommunications service**.
- Develop businesses of online data processing and transaction processing.
- Open up **basic telecommunications** service in a safe and orderly way.
- Develop the **International Internet Data Interaction Pilot Program**.



## Industrial Policy



## Culture/Design Industry



- Build Hainan into the **International Design Island**.
- Build the **national base of sino-foreign trade of cultural products**.

## Industrial Policy



Tropical high-production  
agriculture

- Agricultural products with an added value of 30% or above in Hainan will **be exempted from tariffs** when entering the mainland.
- A subsidy of **RMB 100,000** will be granted to each **new variety right of agricultural plants** recognized by the Ministry of Agriculture and Rural Affairs.
- Subsidize **deep sea wave-proof cage aquaculture** by encouraging building-before-subsidization.
- Promote the healthy and orderly development of **shared farms**.

## Case

Hainan Auska  
international oils and  
grains CO., Ltd  
Zhengda Xinglong  
coffee industry



## Industrial Policy

Related Website Hainan Free Trade Port  
portal

[www.hnftp.gov.cn](http://www.hnftp.gov.cn)



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## Single window website

[www.singlewindow.hn.cn](http://www.singlewindow.hn.cn)

