**Notice on Supplementary Explanations to the *Implementation Measures of Jinan City's Reward Policies for Several Measures for Actively Utilizing Foreign Investment***

All district and county investment promotion departments, financial departments, and all relevant departments and units:

In order to implement the spirit of the "Notice of the People's Government of Jinan on Several Measures for Actively Utilizing Foreign Investment" (Jizhengfa [2017] No. 21), to ensure that the foreign investment incentive policy is used properly and effectively, and to further improve the application and review of foreign investment incentive funds In response to the situation and problems in the implementation, the study decided to make the following supplements to the "Implementation Measures of Jinan City's Several Measures for the Active Use of Foreign Investment Reward Policy" (Jitou Chufa [2018] No. 2) (hereinafter referred to as the "Implementation Measures") Description:

1. Supplementary explanation on "the foreign capital actually received in the account of the return investment of overseas listed companies in our city in the year" in Article 5

This type of project includes the following two situations:

(1) For enterprises registered in our city, they are listed on overseas stock exchanges and carry out equity financing, and the foreign investment actually received in the year when foreign-invested enterprises are established in our city through special purpose companies.

(2) For enterprises registered in our city, the foreign capital actually received in the year when they were listed overseas and returned from equity financing.

2. Supplementary explanation of the definition of "traditional enterprise" in Article 5 "Foreign Mergers and Acquisitions of Traditional Enterprises in Our City Actually Received Foreign Capital in the Year"

The "traditional enterprises" in the implementation measures refer to enterprises that belong to traditional manufacturing and traditional service industries. Traditional manufacturing refers to labor-intensive, manufacturing and processing industries; traditional service industries include: wholesale and retail, transportation, storage and postal services, accommodation and catering, public management, social security and social organizations, international Organizations, as well as agriculture, forestry, animal husbandry, and fishery services in agriculture, forestry, animal husbandry, and fishery, mining auxiliary activities in mining, and metal products, machinery and equipment repair in manufacturing.

3. Supplementary explanation to Article 6

For "a copy of the foreign investor’s subject qualification certificate or natural person’s identity certificate" as required by Article 6, except for the declaration items in Article 1 (1) of this notice, the subject qualification certificate of an overseas special purpose company must be provided For other declared items, it is not necessary to provide a copy of the foreign investor’s subject qualification certificate or natural person’s identity certificate.

For the "copy of bank to bill" required by Article 6, the enterprise shall provide a copy of the bank to bill (if there is an external management registration record, submit the FDI entry registration form and bank remittance slip together) or capital verification report Photocopy.

4. For Article 14 "Enterprises enjoying this reward policy, they shall promise to continue to operate in our city for more than 2 years, and the registered capital shall not be reduced or withdrawn within 1 year after the actual registered capital. Supplementary explanation of "Refund of reward funds enjoyed"

(1) After receiving the reward funds, the enterprises enjoying this reward policy shall return all the reward funds if they have operated continuously in our city for less than 2 years;

(2) After an enterprise enjoying this reward policy receives the reward funds, if the registered capital is fully withdrawn from the foreign capital within one year after the actual registration of the registered capital, all the reward funds shall be refunded, and part of the reward funds shall be refunded according to the proportion of the withdrawal.

5. Supplementary explanation of the rewards given by foreign investment in the actual investment of investment companies organized by foreign investors

According to Article 20 of Order No. 22 of 2004 of the Ministry of Commerce: “Investment companies invest in enterprises to establish enterprises, and the proportion of foreign investors’ investments calculated separately or together with other foreign investors is generally not less than 25% of the registered capital of the enterprise invested and established by it, and the enterprise invested and established by it shall enjoy the treatment of foreign-invested enterprise, and the foreign-invested enterprise approval certificate and the foreign-invested enterprise business license shall be issued", and the investment company that meets the requirements has actually received funds for investment Belongs to the scope of rewards.

6. Supplementary explanation on the award of the consideration (including premium) paid by foreign investors for the transfer of Chinese equity in foreign-invested enterprises

Where a foreign investor receives a Chinese equity in a foreign-invested enterprise, the actual foreign investment paid by the foreign party (including the premium) falls within the scope of foreign investment incentives. The incentive ratio refers to the "Jinan Municipal People's Government on Several Measures for Actively Utilizing Foreign Investment" In the “Notice” (Jizhengfa [2017] No. 21), in Article 2 of the “reward based on 1% of the actual amount of foreign investment in the account of the registered capital in the current year”, in addition to submitting the declaration materials specified in Article 6, the reporting enterprise shall also submit equity Copy of transaction contract and agreement.

7. Explanation of the 2020 reward fund declaration work

The application of reward funds in 2020 will be implemented in the form of annual application, centralized review and centralized appropriation. The investment promotion departments of all districts and counties shall submit the application materials and preliminary review opinions to the Municipal Investment Promotion Bureau in October of that year, and the reward funds will be uniformly allocated in the following year.

8. Strengthen the tracking and management of the availability of reward funds

The investment promotion departments of all districts and counties should strengthen the tracking management of the reward funds of the rewarded enterprises within their jurisdictions, communicate with the financial departments and enterprises in a timely manner, and grasp the status of the reward funds, and receive the companies within 1 week of the allocation of the reward funds. A photocopy of the receipt of the reward fund (stamped with the official seal of the enterprise and the district/county investment promotion department) shall be submitted to the Municipal Investment Promotion Bureau.

**Jinan Investment Promotion Bureau Jinan Finance Bureau**

**January 14, 2020**