

*(All information in this document is authentic in Chinese. English is provided for reference only. In case of any discrepancy, the Chinese version shall prevail.)*

## **Special Administrative Measures for Foreign Investment**

### **Access to Hainan Free Trade Port (Negative List)**

**(2020 Edition)**

#### **Notes**

I. The Special Administrative Measures for Foreign Investment Access to Hainan Free Trade Port (Negative List) (hereinafter referred to as the "FTP Negative List") uniformly set out special administrative measures for foreign investment access regarding equity requirements and requirements for senior management, and shall apply to the entire Hainan Island. Sectors not covered in the FTP Negative List shall be subject to administration in accordance with the principle of equal treatment for domestic and foreign investments.

II. Overseas investors are forbidden to engage in investment activities as owners of individual businesses, investors of sole proprietorships, or members of farmers' professional cooperatives.

III. In the course of performing their duties in accordance with the law, the relevant competent authorities shall refuse to handle a license application, business registration, or any other related matter for any overseas investor intending to invest in a sector covered in the FTP Negative List but not in compliance with the provisions of the FTP Negative List; and refuse to handle the relevant approval matters if the approval involves any fixed-asset investment project. Overseas investors shall not establish foreign-invested partnerships when investing in sectors with equity requirements.

IV. After being examined by the relevant competent authority under the State Council and reported to the State Council for approval, specific foreign investments are not required to be subject to the provisions of the FTP Negative List on the relevant sectors.

V. Mergers and acquisitions of affiliated domestic companies by overseas companies legally established or controlled by domestic companies, enterprises, or natural persons thereby shall be handled in accordance with the relevant provisions on foreign investments, overseas investments, and foreign exchange administration.

VI. Measures concerning administrative examination and approval, qualification requirements, and national security in such sectors as culture and finance, which are not set out in the FTP Negative List, shall be governed by existing provisions.

VII. Where the Mainland and Hong Kong Closer Economic Partnership Arrangement and its follow-up agreements, the Mainland and Macao Closer Economic Partnership Arrangement and its follow-up agreements, the Cross-Straits Economic Cooperation Framework Agreement and its follow-up agreements, and any international convention or treaty of which China is a contracting state or to which China has acceded, set out provisions on access treatment for overseas investors that are more preferential, such provisions shall prevail.

VIII. The FTP Negative List shall be construed by the National Development and Reform Commission and the Ministry of Commerce in concert with the relevant authorities.

## **Special Administrative Measures for Foreign Investment Access to Hainan Free Trade Port (Negative List)**

**(2020 Edition)**

### **I. Agriculture, Forestry, Animal Husbandry, and Fishery**

1. The Chinese party shall hold no less than 34% of shares in the breeding of new varieties of, and production of the seeds of, wheat and corn.
2. Investment in research and development, cultivation, and plantation of Chinese rare and unique precious fine varieties, as well as production of the relevant propagative materials (including excellent genes in planting, animal husbandry, and aquaculture industries), shall be prohibited.
3. Investment in the breeding of genetically modified varieties, and the production of genetically modified seeds (fingerlings), of crops, breeding stock and poultry, and aquatic fingerlings shall be prohibited.

### **II. Manufacturing**

4. Production of satellite television broadcasting ground receiving facilities and key components.

### **III. Production and Supply of Electricity, Heat, Gas, and Water**

5. For construction and operation of nuclear power plants, the controlling stake shall be held by the Chinese party.

### **IV. Wholesale and Retail**

6. Investment in wholesale and retail of tobacco, cigarettes, re-dried leaf tobacco, and other tobacco products shall be prohibited.

## **V. Transport, Warehousing, and Postal Industries**

7. The controlling stake in domestic water transportation companies shall be held by the Chinese party.

8. The controlling stake in public air transportation companies shall be held by the Chinese party, and the investment ratio of a foreign investor and its affiliate(s) shall not exceed 25%, and the legal representative shall be a Chinese citizen. The legal representative of a general aviation company shall be a Chinese citizen; the general aviation companies serving the agricultural, forestry, and fishery industries shall be limited to the form of equity joint venture; the controlling stake in other general aviation companies shall be held by the Chinese party.

9. For construction and operation of civil airports, the comparative controlling stake shall be held by the Chinese party. The foreign party may not participate in the construction and operation of the airport tower.

10. Investment in postal companies and the domestic express delivery business for letters shall be prohibited.

## **VI. Information Transmission, Software, and Information Technology Services**

11. Telecommunication companies: value-added telecommunications services (except for online data processing and transaction processing) shall be implemented in accordance with the Special Administrative Measures for Foreign Investment Access to Pilot Free Trade Zones (Negative List); enterprises with registered entities and service facilities in Hainan Free Trade Port are allowed to develop Internet data center, content distribution network, and other business throughout Hainan Free Trade Port and international markets; for the basic telecommunications business opened up in China's WTO commitments, the controlling stake shall be held by the Chinese party.

12. Investment in Internet news and information services, Internet publishing services, Internet audio-visual program services, Internet cultural operations (except for music), and Internet public information release services (except for those contents opened up in China's WTO commitments) shall be prohibited.

## **VII. Leasing and Commercial Services**

13. Investment in Chinese legal affairs (except for provision of information on impact on Chinese legal environment and certain commercial non-litigation legal affairs involving

Hainan) shall be prohibited, and an overseas investor shall not become a partner of a domestic law firm.

14. The controlling stake in radio and television ratings surveys shall be held by the Chinese party. Chinese party shareholding in social surveys shall not be less than 67%; the legal representative shall be a Chinese citizen.

### **VIII. Scientific Research and Technical Services**

15. Investment in the development and application of human stem cells and gene diagnosis and treatment technologies shall be prohibited.

16. Investment in humanities and social science research institutions shall be prohibited.

17. It is prohibited to invest in geodetic surveying, marine surveying and mapping, aerial photography for surveying and mapping, ground motion surveying, and surveying and mapping of administrative boundaries; preparation of topographic maps, world administrative area maps, national administrative area maps, maps of administrative areas at or below the provincial level, national teaching maps, local teaching maps, and true three-dimensional maps and electronic navigation maps; and regional geological mapping, mineral geology, geophysics, geochemistry, hydrogeology, environmental geology, geological disasters, remote sensing geology, and other surveys (mining right holders are not subject to these special administrative measures when carrying out work within the scope of their mining rights).

### **IX. Education**

18. Pre-schools, ordinary high schools, and education institutions of higher learning are subject to Sino-foreign cooperative education (except for overseas high-level universities of science, engineering, agriculture, and medicine, vocational colleges, and non-academic vocational training institutions), and must be led by the Chinese party (the president or the chief executive shall have Chinese nationality, and at least half of the members of the council, board or joint administrative committee shall be Chinese members).

19. Investment in compulsory education institutions or religious education institutions shall be prohibited.

### **X. Health and Social Work**

20. Medical institutions are limited to the form of equity joint venture.

### **XI. Cultural, Sports, and Entertainment Industries**

21. Investment in news organizations (including but not limited to news agencies) shall

be prohibited.

22. Investment in editing, publishing, and production of books, newspapers, periodicals, audio-visual products, and electronic publications shall be prohibited.

23. Investment in various levels of radio stations (outlets), television stations (outlets), radio and television channels (frequencies), and radio and television transmission networks (transmitter stations, relay stations, radio and television satellites, satellite uplink stations, satellite receiving stations, microwave stations, surveillance stations, cable radio and television transmission networks, etc) shall be prohibited. And engagement in the video on demand business of radio and television and in the provision of installation services for ground receiving facilities for satellite television broadcasting shall be prohibited.

24. Investment in companies producing and operating radio and television programs (including introduction) shall be prohibited.

25. Investment in film production companies, distribution companies, cinema companies, and film introduction shall be prohibited.

26. Investment in auction companies for heritage auction, heritage stores, and state-owned heritage museums shall be prohibited.

27. The controlling stake in cultural and artistic performance groups shall be held by the Chinese party.

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