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20 policies of Jinan Innovation Zone for investment promotion

For implementing and realizing national, provincial and municipal stable growth, a series of policies have been issued to push development, strengthen investment motive force, enlarge the level of investment attraction, make efforts to establish a nationwide first class hi-tech zone, referring to relevant practices of locations inside and outside of Shandong, policies for promoting investment and stable growth have been formulated.

1.) Enlarging project support for investment methods

Paragraph one – Support the establishment of different types of equity funds.

Centered on the leading industries, strengthen the industry chain, guiding and pushing forward types of equity investment companies for a common investment is in line with the national, provincial and municipal industrial policy companies or projects. Regarding the establishment of new equity investment companies and equity investment management companies, observing the scope of registered capital, raising the scope of capital, the project investments amount and conditions within the zone, are complementary to certain risks.

Paragraph two – Types of industry funds as a support for attracting projects

Establish a Jinan Hi-Tech Zone industrial fund investment company, which attracts projects of suitable co-operations, that according to a fixed proportion and amount carries out equity investments, establishment of a common development, pushing forward going into practice and reaching on efficiency as soon as possible. After going into practice, according to the arrangement of its economic contribution and contract (agreement) providing support for related industry policies, national capital equity will step by step decrease appropriately. Within the industry fund, there shall be established a main industry investment development capital of not less than 200 Million RMB, matching main industry investment development funds on a municipal level, supporting the establishment of main industry platforms, guiding and extending social investment as well as main industry projects for which income/profit is difficult to achieve in the short term.

2.) Development of the Smart Production Industry

Paragraph three – Fasten the Smart Production Industry gathering

Develop with all efforts a new generation of information technology, Hi-End Equipment, New Energies, New Materials, New Energy Vehicles and Power Saving environmental protection strategies, new rising industries, establish a “Made in China 2025” Industry gathering Industry Zone,

make efforts to create a “Smart Production City”.

Paragraph four – Encourage companies to build up factories

- (1) With an investment amount over 100 Million Yuan and an investment intensity of 3,5 Million Yuan / Mu, and a plot ratio ≥ 1 , 7% of the total investment amount will be a supporting reward. According to the agreed schedule of investment and after the evaluation of the investment sum, the award will be paid in three different phases, which are the beginning of the constructions, the ending of constructions of the main factory and beginning of the company operations.
- (2) If the investment amount is huge, then according to the agreed investment amount the “Jinan Hi-Tech Zone Industry Fund Investment Company” can invest for a fixed time in purchasing shares of the enterprise.
- (3) Hi-End store logistics projects shall execute this paragraph

3.) Hi-End Storage Logistic Project shall take into account the following conditions – Development of Bio Medicine Industry

Paragraph five – Creation of a complete industry chain

The Plan is to build the „Life Science City“, fasten the development of the Bio Medicine, Bio-Engineering, Medical Instruments, Medical Logistics, national medicine, cosmetics, medical health, products for keeping healthy, functions of food and research and development in similar industries, as well as companies and institutions in the field of production, technology services and sales (short named “Bio Medicine Companies” below).

Paragraph six – Encourage production companies to settle down

- (1) With an investment amount over 100 Million Yuan and an investment intensity of 3,5 Million Yuan / Mu, and a plot ratio ≥ 1 , 7% of the total investment amount will be a supporting reward. According to the agreed schedule of investment and after the evaluation of the investment sum, the award will be granted in three different phases, which are the beginning of the constructions, the ending of constructions of the main factory and beginning of the company operations.
- (2) Companies, that are among the global 500 strongest Bio Medicine Companies or 50 strongest Chinese Bio Medicine companies and invest in building up a factory, can be rewarded with a relative bigger bonus, corresponding to the above policy.
- (3) If the investment amount is huge, then according to the agreed investment amount the “Jinan

Hi-Tech Zone Industry Fund Investment Company” can invest for a fixed time in purchasing shares of the enterprise.

- (4) New settled enterprises that produce medicine need to be conform to related regulations for enterprises obtaining the license for production. After the related formalities are fully handled, there will be a supporting One-Time-Bonus, maximum amount 5 Million Yuan.
- (5) Medicine Logistics and current Medicine production companies shall take into account these conditions for their expanding projects.

Paragraph seven – Encourage the transfer of medicine reference numbers

New settled enterprises that produce medicine (including veterinary medicine) that transfer 1 – 10 medicine reference numbers will receive a supporting bonus, which varies between 100.000 Yuan and 2.000.000 Yuan. For a transfer of 11 – 50 reference numbers, the supporting bonus varies between 2 Million Yuan and 10 Million Yuan. For a transfer of 51 – 90 medicine reference numbers, the supporting bonus varies between 10 Million Yuan and 18 Million Yuan. For a transfer of more than 100 medicine reference numbers, the supporting bonus will be 20 Million Yuan. The above mentioned supporting bonuses have to be granted after the formalities for shifting the reference numbers have been handled. For new settled enterprises that produce medical machineries that shift the registration certificate of the medical machinery, the amount of the supporting bonus will be agreed on separately.

Paragraph eight – Encourage the settlement of varieties of drugs and machineries for medical treatment

If companies develop or attract a new variety of drugs and machineries for medical treatment, and receive a written confirmation by for the registration, and has a production within the area, after the account is settled, there will be a one-time-bonus for each drug or product: For a chemical drug of the type 1.1, 10 Million Yuan will be rewarded; For a Chinese drug and a natural drug of the type 1, a chemical drug of the type 1.2 and 1.3, a bio-drug for medical treatment of type 1 and a preventive bio-drug of the type 1, the award will be 2 Million Yuan; For a Chinese drug and a natural drug of the type 2-6, a chemical drug of the type 1.4, 1.5, 2, 3.1, a bio-drug for medical treatment of type 2-12 and a preventive bio-drug of type 2-8, the award will be 1 Million Yuan; For machineries for medical treatment of type 3, the bonus with be 500.000 Yuan; For machineries for medical treatment of type 2, the bonus with be 200.000 Yuan. For companies that independently do research and development within the zone, declare new drugs or machineries for medical treatment and transfer them to production companies in the zone, 50% of the one-time-bonus as described above will be rewarded.

Paragraph nine – Set up a Bio Medicine Development Special Supporting Bonus

Set up a yearly 50 Million Yuan Bio Medicine Industry Development Special Supporting Bonus,

which shall be used to support balancing house renting and selling inside the Life Science City, to support small and little companies, to establish a technology innovation platform and industry carriers, etc.

4.) Develop the headquarter economy

Ten – Support corporate headquarters and headquarters company to quickly gather

(1) Settlement of subsidies. Through identified national and regional headquarter companies, for an actual registration capital of more than 1 Billion Yuan, 10 Million Yuan will be subsidized; for an actual registration capital of 600 Million to 1 Billion Yuan (including 600 Million Yuan), 6 Million Yuan will be subsidized; for an actual registration capital of 200 Million to 600 Million Yuan (including 200 Million Yuan), 3 Million Yuan will be subsidized; for an actual registration capital of 50 Million to 200 Million Yuan (including 50 Million Yuan), 1 Million Yuan will be subsidized. The subsidized capital will be paid after everything is in place, in a period of three years, according to its local economic contribution and the individually agreement in 30%, 30%, 40% of the whole amount.

According to the legal corporate financial institution or big headquarter, the scope of registered capital and the local economic contribution, the subsidy standard can be accordingly raised.

(2) Subsidies for opening/starting business expenses. Through identified headquarter companies, there is a one-time-subsidy for opening expenses of 1 Million Yuan; According to the local economic contribution, the one-time opening expense subsidy standard can be accordingly raised.

(3) Subsidy support for offices. If an office and room for business operation is rent within the zone, according to the real economic contribution of the project, the supporting subsidy will be paid within three years. If a room in the zone is purchased for ones own use and business operations with more than 2000sqm, there is a one-time-subsidy support of 2 Million RMB; for a construction or whole purchase of a building for ones own use as an office and for business operation, the supporting policies will be agreed on separately

(4) If the registered capital does not reach 50 Million Yuan, but it is a company with a relatively big economic contribution, or a sub-company with a relatively big contribution, branch institution etc., can enjoy a fixed amount one-time opening expense subsidy and office support subsidy, the detailed amount will be agreed on according to the economic contribution.

(5) If the economic contribution is big, top management teams of headquarter companies in the field of strong Science & Technology, can enjoy, after appraisal, the supporting policies of Jinan City, which are “5150 Talent Plan” and the “Hai You Talent Plan” of Jinan Hi-Tech Zone. The standard of appraisal of a headquarter company will be formulated separately.

Eleven – Encourage the development of Import/Export Trade

- (1) For enterprises, whose yearly export volume is more than 5 Million USD, for each rise of export volume of 1 Million USD in the same year, 10,000 RMB will be subsidized, the maximum subsidy amount for one company is 1 Million RMB; for enterprises, whose yearly import volume is more than 10 Million USD, for each rise of import volume of 1 Million USD in the same year, 10,000 RMB will be subsidized, the maximum subsidy amount for one company is 1 Million RMB.
- (2) Establish capital for special use, to encourage and reward import/export companies.

The Jinan Comprehensive Free Trade Zone can follow this policy and formulate related measures.

Twelve – Encourage Hi-End Research & Development Institutions and Platforms to settle down.

According to observation of the actual strength, research and developments achievements, technology transformation revenue and its spurring radiation, there will be a one-time-bonus of 5 Million Yuan, and in addition a fixed amount subsidy for buying or renting related buildings.

5.) Develop the financial Leasing industry

Paragraph thirteen – Support the development of financial leasing companies gathering

- (1) For domestic enterprises, which registered capital is above 1 Billion Yuan in the first period, 10 Million Yuan will be subsidized; for 600 Million Yuan to 1 Billion Yuan (including 600 Million Yuan), 6 Million Yuan will be subsidized; for 170 Million Yuan to 600 Million Yuan (including 170 Million Yuan), 3 Million Yuan will be subsidized. For foreign enterprises, which registered capital is above 100 Million USD in the first period, 10 Million Yuan will be subsidized; for 60 Million USD to 100 Million USD (including 60 Million), 6 Million Yuan will be subsidized; for 30 Million USD to 60 Million USD (including 30 Million), 3 Million Yuan will be subsidized. Joint-Venture enterprises can convert the amount into RMB or USD. Starting from the date of the whole registered capital, the subsidies will be paid in three years according to the economic contribution and agreement in 30%, 30%, 40%.
- (2) For an increase of capital for domestic enterprises for every 100 Million Yuan, and for foreign enterprises for every 10 Million USD, there will be a 200,000 Yuan increasing capital subsidy.
- (3) Subsidies for opening/starting business expenses, supporting subsidies for offices, according to policies of the headquarter

(4) Commercial factoring enterprises shall follow the execution of this paragraph

6.) Develop the E-Commerce Industry

Paragraph fourteen – Support the development of E-Commerce company gathering

If the registered capital is above 2 Million Yuan and after it is included in the statistics according to the law, there will be a one-time subsidy of 300.000 Yuan.

Paragraph fifteen – Support the set up und E-Commerce Trading Platforms

- (1) Regarding a set up of an E-Commerce trading platform of a third party, there will be a one-time subsidy paid according to 70% of the investment amount, but not higher than 500.000 Yuan subsidy, if the sales amount is above 100 Million Yuan in one year and the service revenue on the trade platform is above 5 Million Yuan, the bonus will be paid.
- (2) Regarding leading companies in the industry and the conformity enterprise resources establishing a vertical subdivision of a third party E-Commerce trade platform, there will be a one-time subsidy according to 50% of the real investment amount, but cannot exceed 500.000 Yuan.
- (3) Regarding the support for a third party, authenticating numbers, establishment of a system, management of big data, cloud computing, trade safety and special technology service, and after it is included in the statistics according to the law, there will be a one-time subsidy of 200.000 Yuan. The comprehensive free trade zone of Jinan Hi-Tech Zone can consult and follow this paragraph and formulate its own supporting crossing border E-Commerce development policies.

7.) Develop the building economy

Paragraph sixteen – Encourage the establishment of professional, special buildings

For more than 50% of buildings of enterprises of leading industries, if the building surface reaches 10.000 squaremeter, a one-time subsidy of 500.000 Yuan will be granted to the building owner or operating management company; For every 5.000 squaremeter of building surface increase, a 300.000 RMB subsidy will be granted. After progressively increasing, for every building owner or operating management company, the maximum subsidy is 6 Million Yuan.

Paragraph seventeen – Encourage buildings to orientate finding investments

- (1) For building development companies, that sell the building to a single company of a leading industry, if the surface reaches 2.000 square meter, there is a one-time subsidy of 100.000 Yuan for the building development company; For every 2.000 squaremeter increase, an additional 100.000 Yuan subsidy will be granted. After progressively increasing, for every

building owner or operating management company, the maximum subsidy is 2 Million Yuan. If a whole empty building is purchased or rent and used as an incubation park etc., the operating management company can on a higher standard basis increase the subsidy standard appropriately, maximum subsidy per building is 5 Million Yuan. Buildings with a high level of industry concentration, can be called areal, municipal, or provincial up to national related names.

- (2) For headquarter type companies with a registration capital above 100 Million Yuan, observing the registered capital and economic contribution, for each new attracted building operating management company, there will be a one-time subsidy of over 500.000 Yuan, maximum is 2 Million Yuan.

The above mentioned policies cannot be enjoyed unpeatedly.

8.) Fasten the of the central areas “two out – three in” pace

Paragraph eighteen – Guide industry companies to have orderly movements

The overall plan and direction of the central area development is from now on, to guide industry companies to move to the centralized industry development area. For movements that need a set up of a new company, according to the treatment of new attracted companies, attraction of smart production and bio medicine projects related supporting policies will be granted; regarding a vacated land, a fixed proportion profit will be granted according to related policies of Jinan City government. Revitalization of idle land of the Suncun area or idle factories can consult and follow this paragraph.

9.) Strengthening the development and construction of industrial and scientific research functional areas

Paragraph nineteen – Encourage the development of industry land estates and science & technology land estates

For industry land estates, companies of sience & technology land estate development, observing functional location, developing scope, investing an amount, project gathering level etc., support will be granted according to as agreed on. Projects on education and public welfare etc. development, according to the observation of its benefits giving to the society and the supporting policies will be granted as agree on.

10.) Make sturdy efforts to implement organizations

Paragraph twenty – This policy is implemented starting from the date it is published, and is valid for 5 years

This policy cannot be combined with other relevant industrial policies of the zone. Under the agreed period and based on the principle, that the supporting subsidy amount for one company cannot exceed its local financial contribution. The unclear and indetailed information on the supporting amount of the above described policy and preconditions etc., for every department responsible for investment attraction according detailed project circumstances, supporting content and responsible obligations of both sides, after reporting the project that is entering the zone and examining and approving the leader group or directors, will be detailed agreed on in the contract (agreement) of the company entering the zone. This policy need to be explained and implemented by the Bureau of Commerce and finance bureau, investment service bureau and every department responsible for investment attraction.

Administrative committee of Jinan Hi-Tech Zone

Certain Policies for the Comprehensive Free Trade Zone of Jinan Hi-Tech Zone to push forward a stable growth in foreign trade (Test)

In order to seriously carry out and implement the central national, provincial and municipal level policies for pushing forward foreign trade, stabilizing etc., a few documents have been worked out according to the administrative committees 《 **20 policies of Jinan Hi-Tech Zone for investment promotion for stable growth** 》 , formulating policies for the Comprehensive Free Trade Zone of Jinan Hi-Tech Zone for stable growth of foreign trade.

1.) Encouraging Policies for production and processing type companies in a special monitored customs area

Paragraph one – Basic Number awards

If the import / export amount growth is over 100% compared to the year before, with the import, export number of last year as the basis, awards will be granted according on the basis number: if the export amount reaches more than 1 Million USD, for every 100.000 USD there is a reward of 1000 Yuan RMB. If the import amount reaches more than 2 Million USD, for every 100.000 USD there is a reward of 500 Yuan RMB. If there is import and export existing, the above described basic numbers don't change, and will be calculated separately according to import and export amount. If there is a company in the zone firstly reaching the above described basic numbers, the policy can be consulted, followed and executed. This award can be taken for successively three years.

Paragraph two – Awards for growth

If the above described basic numbers are reached and the year after the correct growth is realized, a growth award will be granted. If the growth rate according to the year before reaches 20%, 30% or 50%, for every 100.000 USD growth of export amount, 2000 Yuan RMB, 3000 Yuan RMB, 5000

Yuan RMB will be granted; for every 100.000 USD growth of import amount, 1000 Yuan RMB, 1500 Yuan RMB, 2000 Yuan RMB will be granted.

Paragraph three – Awards for new companies moving in the zone

New companies moving in the zone and realizing in the same year a separate import and export amount over 500.000 USD, 300.000 USD, for every 100.000 USD amount increase, a 1500 Yuan RMB, 3000 Yuan RMB award will be granted.

2.) Award policies for important circulation type foreign trade enterprise in a special monitored customs area

If the export amount reaches over 20 Million USD and import amount reaches more than 50 Million USD, the circulation type foreign trade company will be established as a main foreign trade company, the import/export index is according to the second paragraph of this policy, the third paragraph is simultaneously granting awards, implementing the below mentioned supporting policies.

Paragraph four – Subsidy for settling down

New moving in foreign invested companies (or foreign invested companies already in the zone that realize the capital growth in the same year) whose foreign capital of the paid-in register capital is not lower than 10 Million USD (including Chinese-Foreign Joint Ventures), or local enterprises with a paid-in capital of not less than 50 Million Yuan RMB, and reaching an export amount of more than 20 Million USD in the same year, a 500.000 Yuan RMB settlement subsidy will be granted. On that basis, for every increase of 5 Million USD, an award of 150.000 Yuan RMB will be granted; For companies that reach the upper limit of the conditions with an import amount of more than 50 Million USD, a 750.000 Yuan RMB settlement subsidy will be granted, on that basis, for every increase of 10 Million USD a 200.000 Yuan RMB award will be granted.

Paragraph five – Subsidy for Transport

For registered capital reaching more than 10 Million USD (or 50 Million Yuan RMB) and realizing import export amount of more than 100 Million USD, a transport subsidy from its harbor to the comprehensive free trade zone of Jinan Hi Tech Zone will be granted, the standard for the subsidy in executed according to described below: If the import export amount reaches 100 Million USD, there will be a subsidy of 2,5 Million Yuan RMB; on that basis, for every increase of 100 Million USD, an additional 1 Million Yuan RMB will be granted; If 100 Million USD are not reached, there will be no subsidy. The duration of the project cannot be less than five years.

Paragraph six – Subsidy for leasing of bonded facilities

Bonded storehouses in companies rental areas, bonded cold chain logistics facilities development of import/export goods logistics business, the import/export amount cannot be lower than 1 Million USD per year and the rental contract needs to be more than three years (no transfer of renting), then there will be a rental subsidy support for these three years, the subsidy rate will be 80%, 60%, 50% of the rental amount of that year.

3.) Award policies for cross border E-Commerce businesses and bonded exhibition and trade enterprises

If cross border E-Commerce businesses and bonded exhibition and trade enterprises realize the import/export quotes according to this the first paragraph, the second paragraph and the third paragraph, awards will be granted simultaneously, in addition supporting policies will be granted as below.

Paragraph seven – Support for building platforms

If enterprises set up cross border trade service platforms or trade platforms, and if the platform reaches an import/export amount of more than 10 Million Yuan in the same year of the set up, according to statistics and the received average locally taxes, there will be a one-time supporting fund standard for every 100.000 USD of 2000 Yuan RMB granted, the supporting fund for single platform enterprises is 2 Million RMB as a maximum.

Paragraph eight – Support for building up storehouses abroad

If cross border trading companies of the comprehensive free trade zone set up storehouses abroad, they will be acknowledged as companies with abroad warehouses on a provincial level, and a 200.000 Yuan RMB one-time supporting fund will be granted.

Paragraph nine – Support for bonded exhibition trading

If enterprises and exhibition companies and are authorized by customs to unfold bonded exhibition businesses in a monitored area, invest in setting up an exhibition center, collection and distribution center of red wine and other hi-end consumer goods, auction trade center of cultural products and similar projects. If through the comprehensive free trade zones confirmation that the development center business is normal, support will be granted according to the below standard: If the surface is between 700 – 2000 square meter, the maximum supporting fund is 200.000 RMB per year; If the surface is between 2000 – 5000 square meter, the maximum supporting fund is 300.000 RMB per year; If the surface is more than 5000 square meter, the maximum supporting fund is 500.000 RMB per year, for a longest period of 3 years.

4.) Award policies for the development of logistics allocation business companies at land ports

Companies for logistics allocation business at land ports will be granted an award according to

paragraph 1, paragraph 2 and paragraph 3 simultaneously, and in addition to the paragraph below:

Paragraph ten – Awards for customs clearance at land ports

Regarding to the yearly Import/Export of Boxes (Boxes Index), if trade comprehensive service companies import more than 500 boxes or more than 200 boxes for non comprehensive service companies, if the customs clearance for import/export is done through the international inland harbor of the comprehensive free trade zone of Jinan Hi-Tech Zone and goods are forwarded, following awards will be granted:

If the import/export statistics data are recorded in the customs special monitoring area of the comprehensive free trade zone, according to the real standards for every 20 foot container 500 RMB will be awarded, for every 40 foot container 600 RMB will be awarded; If the import/export statistics data are recorded in the statistics of the supplementary area (of living) of the comprehensive free trade zone, according to the real standards for every 20 foot container 300 RMB will be awarded, for every 40 foot container 400 RMB will be awarded; If the import/export statistics data are recorded outside the frame of the comprehensive free trade zone, according to the real standards for every 20 foot container 150 RMB will be awarded, for every 40 foot container 200 RMB will be awarded.

The maximum award for each company is 3 Million Yuan per year.

Paragraph eleven – Subsidy for operating platforms

In order to guarantee health and a quick development of Jinan's inland port, the comprehensive free trade zone of Jinan Hi-Tech Zone shall cooperate with cities with harbors along the sea and establish inland ports operating platform companies, and operate inland harbor business together. If the international inland port of the comprehensive free trade zone of Jinan Hi-Tech zone finds a good partner for operating the platform, a total of 5 million RMB operating fee subsidy will be granted for a time of three years, the detailed method for monitoring will be formulated by the development center of the comprehensive free trade zone of Jinan Hi-Tech Zone.

Paragraph twelve – Innovation of convenience for customs clearance and customs check

For import/export goods that are handled at the customs clearance station of the comprehensive free trade zone of Jinan, that provide convenience for the station operating unit, high effective customs clearance and customs pass inspection service, and checking without any problems. Other companies that offer hoisting for the station operating company, do translocation, taking storage and checking service fees, but discover import/export goods with problems at customs checking, these service fees for checking goods do not belong to the supporting policy frame.

5.) Other

Paragraph thirteen – If companies invest in building up public bonded tax storehouses, cold-chain facilities, and the investment amount for a single project is more than 200 Million RMB, according to the situation of the attracted enterprise, the support shall be granted according to the Hi-Tech Zones building policy. Before this policy is implemented, the other policies of moving in the zone can be enjoyed.

Paragraph fourteen – If the encouraging policies for companies in the supplementary area (of living) of the comprehensive free trade zone are not specially indicated, then the policies for enterprises in the customs monitoring area shall be applied. If the company has an industrial cooperation agreement signed with the government of Jinan or the administrative committee of Jinan Hi-Tech Zone, then this agreement shall be used.

Paragraph fifteen – Companies that enjoy these awards, if these policies are duplicated with other policies of the Hi-Tech Zone, the company can choose one policy, policy enjoyment cannot be repeated; During the time of the agreement, the amount of supporting subsidy that the company receives needs to be accordingly to its comprehensive contribution regarding the local economic development and impetus.

Paragraph sixteen – If related policies of a higher authority require to form a set of the area policies, then the received amount if this policy is regarded as being formed a set.

Paragraph seventeen – These policies are valid from the date they are published and will be valid for three years.

Paragraph eighteen – The investment promotion center of the administrative committee of Jinan Hi-Tech Zone is responsible to explain these policies.