

Detailed Rules for the Implementation of Foreign Exchange Control at the Zhongguancun Science Park



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Chapter One - General Provisions

Article 1 The detailed rules are formulated according to the “On Policy Measures Concerning Foreign Exchange Control for Supporting the Development of the Zhongguancun Science Park” issued by the State Administration of Foreign Exchange Control with a view to supporting the development of the Zhongguancun Science Park.

Article 2 The detailed rules are applicable to high-technology enterprises that are qualified for the Park approved by the Beijing Municipal Science and Technology Commission or organs authorized by it.

Chapter Two - Foreign exchange control concerning individuals who have returned from overseas to start business in the Zhongguancun Science Park

Article 1 People who have acquired the right of permanent abode overseas and returned to start business (hereinafter referred to as “pioneers”) are treated as foreign nationals and managed accordingly.

Article 2 Foreign exchange remitted in or brought in from overseas by pioneers may be remitted out from the designated bank or brought out of the territory against the following documents and materials:

1. An application;
2. Original and copy of work certificate of high-technology enterprise in the Zhongguancun Science Park;
3. Chinese passport and its copy;
4. Original and copy of the certificate for having acquired the right of permanent abode overseas;
5. Original inward remittance receipts or customs declaration certificate and copy at the time of bringing in foreign exchange;
6. Other materials as required by the Beijing Foreign Exchange Control Department of the State Administration of Foreign Exchange Control (hereinafter referred to as “foreign exchange administration”).

Article 3 Income in Renminbi lawfully derived from inside the territory by pioneers may be used to buy foreign exchange from the designated bank and remit it out or brought out of the territory against the following documents and materials:

1. An application;
2. Original and copy of work certificate of high-technology enterprise in the Zhongguancun Science Park;
3. Chinese passport and its copy;
4. Original and copy of the certificate for having acquired the right of permanent abode overseas;
5. Tax-paid certificate and its copy;
6. Other materials as required by the foreign exchange administration.

Article 4 Gains on investment in Renminbi obtained inside the territory by pioneers may be used to buy foreign exchange from designated bank and remit them abroad against the following documents and materials:

1. An application for buying foreign exchange;
2. Original and copy of identification card of high-technology enterprise in the Zhonguancun Science Park;
3. Chinese passport and its copy;
4. Original and copy of the certificate for having acquired the right of permanent abode overseas;
5. Tax-paid certificate and its copy;
6. Tax returns and their copies (for enterprises enjoying tax exemption, tax exemption certificates produced by the local tax authorities are required).
7. Auditing report and its copy of the profits or dividend and bonus of the year for the investment enterprise produced by a certified public accountants office.
8. Resolution and its copy on the distribution of profits or dividends or bonuses by the board of directors of the investment enterprise;
9. Investment verification report and its copy provided by a certified public accountants office;
10. Foreign exchange registration certificate and its copy; and
11. Other materials as required by the foreign exchange administration.

Chapter Three - Management of the opening and use of foreign exchange settlement accounts of Chinese investment high-tech enterprises in the Zhongguancun Science & Technology Park

Article 1 A Chinese investment high-tech enterprise (Chinese investment enterprises for short) in the Zhongguancun Science Park shall apply for the opening of a foreign exchange settlement account with the foreign exchange administration against the following materials:

1. An application for opening the account signed by the legal person or person authorized by it;
2. Original and copy of the identification certificate of the enterprise;
3. Original and copy of the certification as a high-tech enterprise produced by the Beijing Municipal Science and Technology Commission; and
4. Other materials as required by the foreign exchange administration.

Article 2 A Chinese investment enterprise that applies for opening a foreign exchange settlement account shall have foreign exchange income in real operations and have the demand for foreign exchange payment.

Article 3 An enterprise can only open foreign exchange settlement account with a designated bank inside the Zhongguancun Science Park designated by the foreign exchange administration.

Article 4 The maximum amount retained in the foreign exchange settlement account by a Chinese investment enterprise shall be verified by the foreign exchange administration once a year according to the need for foreign exchange disbursement under current account of the enterprise. If needs arise in operations, the maximum amount in the settlement account may be adjusted on the quarterly basis upon application with the foreign exchange administration against relevant materials.

Article 5 One Chinese investment enterprise is allowed to open one foreign exchange settlement account. Accounts in different currencies of an enterprise are treated as one account. The foreign exchange administration shall divide the amount into accounts of different currencies according to the application by the enterprise and specific circumstances. The amount for accounts of different currencies shall not be adjusted at will. The funds in the accounts of different currencies are not allowed to be used in foreign exchange trading when no foreign exchange disbursement is made.

Article 6 A Chinese investment enterprise may, according to its need, use a certain amount of the foreign currencies in the settlement account as fixed deposit in the same bank and the deposit shall be subject to maximum amount control.

Article 7 If a Chinese investment enterprise needs to enter its foreign exchange income into its foreign exchange settlement account, it shall go through the exchange receipt procedures with the bank with which the foreign exchange settlement account is opened. If the foreign exchange income is used to make disbursement, it shall be handled by the designated bank inside the park as approved.

Article 8 A Chinese investment enterprise that has opened a settlement account shall use its own funds in the account first in foreign settlement and if its own funds are not enough to make foreign disbursement, it may buy foreign exchange from the opening bank to make up for the shortages.

Article 9 If the opening bank has received foreign exchange in excess of the maximum amount allowed for the foreign exchange settlement account of a Chinese investment enterprise, it may enter the foreign exchange into the account first and notify the enterprise to go through the foreign exchange settlement procedures within five workdays starting from the date when the amount exceeds the limit. If the enterprise fails to go through the settlement procedures within the prescribed time limit, the bank shall notify the foreign exchange administration, which shall see to it that the enterprise go through the required procedures.

Article 10 The foreign exchange administration shall carry out annual checks of the opening and use of foreign exchange settlement accounts of Chinese investment enterprises

Chapter Four - Management of the opening and use of special R&D foreign exchange accounts of R&D organizations of multinational corporations in the Zhongguancun Science Park

Article 1 R&D organizations of a multinational corporation established in the Zhongguancun Science Park (hereinafter referred to as "R&D organization") may apply for opening special R&D foreign exchange accounts with the foreign exchange administration by the strength of the following materials:

1. An application for opening account signed by the legal person or another person authorized by it;
2. Original and copy of the enterprise's identification certificate;
3. Original and copy of "Certificate of R&D Organization in Beijing".
4. Original and copy of the Constitution of the R&D organization and related materials about organizational setup;

5. Original and copy of "Foreign Exchange Registration Card" (for corporate person only); and
6. Other materials as required by the foreign exchange administration.

Article 2 R&D organizations shall open special R&D foreign exchange account with the designated bank inside the Zhongguancun Science Park only.

Article 3 The foreign exchange administration, after approving the opening of the special R&D foreign exchange account, shall service an advice to the R&D organization and determine the maximum amount for the account according to the annual amount of R&D expenses fixed by the constitution of the R&D organization or related materials about the organizational setup and the amount may be adjusted once every quarter.

Article 4 The receipt of the special R&D foreign exchange account is limited to the R&D expenses remitted in from outside the territory and the expenditure shall be foreign exchange payment under the current account associated with R&D.

Article 5 The designated bank inside the Zhongguancun Science Park shall, upon the strength of the opening advice issued by the foreign exchange administration, open a special R&D foreign exchange account for an R&D organization and carefully examine and verify the superficial truthfulness and uniformity of the materials on foreign exchange payment provided by the R&D organization and oversee its receipts and expenditure according to regulations. The designated bank shall keep the related vouchers and bills for five years for reference and submit the "Monthly Report of R&D Organization on Foreign Exchange Payment" (See Table 1 attached) to the foreign exchange administration within the first five workdays of each month and shall report to the foreign exchange administration timely abnormal developments of foreign exchange payments by R&D organizations.

Article 6 The foreign exchange administration shall carry out annual checks of the opening and use of special R&D foreign exchange accounts of R&D organizations of multinational corporations.

Chapter Five - Control of the maximum amount of foreign exchange settlement accounts of foreign-funded enterprises in the Zhongguancun Science Park

Article 1 Foreign-funded high-tech enterprises in the Zhongguancun Science Park (hereinafter referred to as "foreign-funded enterprises") shall apply for the maximum amount for the foreign exchange settlement accounts subject to quarterly adjustments with the foreign exchange administration with the following materials:

1. An application signed by the legal person or person authorized by it;
2. Original and copy of enterprise identification certificate;
3. Original and copy of the "Foreign Exchange Registration Card";
4. Original and copy of current foreign exchange receipts and payment contracts or agreements;
5. Original and copy of foreign exchange settlement bill;
6. Original and copy of the latest foreign exchange account statement; and
7. Other materials as required by the foreign exchange administration.

Article 2 Foreign exchange administration shall make adjustments according to actual demand on the basis of examining the application materials.

Article 3 A foreign-funded enterprise shall apply for raising the maximum amount within five workdays after the receipts of funds and if the enterprise fails to file any application within five workdays, the bank shall notify the foreign exchange administration, which shall see to it that the enterprise go through the prescribed procedures according to regulations.

Chapter Six - Management of capital account settlement of foreign-funded enterprises in the Zhongguancun Science Park

Article 1 The original regulations shall be followed when a foreign-funded enterprise that has opened one foreign exchange capital account surrenders a single sum of over one hundred thousand US dollars (US\$100,000). If the single sum is less than (including) one hundred thousand US dollars (US\$100,000), the enterprise may surrender directly to the designated bank in the Park upon the strength of the following documents:

1. An application for capital foreign exchange settlement signed by the legal person or person authorized by it;
2. Original and copy of the enterprise identification certificate;
3. Original and copy of the "Foreign Exchange Registration Card";

Article 2 In handling capital foreign exchange settlement of less than (including) one hundred thousand US dollars (US\$100,000), the designated bank shall specify in the column "capital account foreign exchange settlement" of the Foreign Exchange Registration Card" the date, source and amount of foreign exchange surrendered and submit to the foreign exchange administration the "Monthly Report on Foreign Exchange Capital settlement of Foreign-Funded Enterprises in the Zhongguancun Science Park" (see Table 2 attached) within the first five workdays every month.

Chapter Seven - Management of foreign exchange settlement for foreign debts of foreign-funded enterprises in the Zhongguancun Science Park

Article 1 The original regulations shall be followed when a foreign-funded enterprise handles foreign exchange settlement for foreign debt with a single sum of over one hundred thousand US dollars (US\$100,000). If the single sum is less than (including) one hundred thousand US dollars (US\$100,000), the enterprise may handle it directly with the designated bank in the Park upon the strength of the following documents:

1. An application for borrowed capital foreign exchange settlement signed by the legal person or person authorized by it;
2. Original and copy of the enterprise identification certificate;
3. Original and copy of the "Foreign Exchange Registration Card";
4. Original and copy of "Foreign Debt Registration Card";
5. Original and copy of foreign borrowing contract and feedback table that are kept as record at the

foreign exchange administration;

6. Original and copy of inward borrowing documents and contracts, agreements, payroll and wage levels and other certificates for disbursement inside the territory; and
7. Other materials as required by the foreign exchange administration.

Article 2 The designated bank shall handle such foreign exchange settlement according to regulations and submit to the foreign exchange administration the “Monthly Report on Foreign Exchange Settlement for Foreign Debts of Foreign-Funded Enterprises in the Zhongguancun Science Park” (see Table 3 attached) within the first five workdays every month.

Chapter Eight - Management of the purchase and disbursement of foreign exchange under the import accounts of subsidiaries of multinational corporations in the Zhongguancun Science Park according to the global procurement contracts signed by their head office.

Article 1 Multinational corporations in the Zhongguancun Science Park shall go through the “List of Multinational Corporations in the Zhongguancun Science Park” procedures with the foreign exchange administration:

1. Copy and duplicate of business license;
2. Original and copy of “Foreign Exchange Registration Card”;
3. Original and copy of organizational code issued by technology supervision department;
4. Original and copy of the document of approval for empowering the enterprise to handle imports and exports issued by the foreign trade and economic cooperation departments.
5. Original and copy of the enterprise identification certificate.
6. Other materials as required by the foreign exchange administration.

Article 2 in purchasing and disbursing foreign exchange under the import accounts of the subsidiaries covered by the global procurement contracts signed by the head office, the enterprises in the list shall not provide import contracts and the designated bank shall handle the foreign exchange selling and disbursement procedures upon the strength of the global procurement contracts and the agency procurement agreements signed with the head office and according to the “Regulations on the Management of Foreign Exchange Surrender, Selling and Disbursement” and related provisions on the verification and cancellation of foreign exchange disbursements for imports and the valid vouchers and commercial bills other than the import contracts.

Article 3 Enterprises in the list shall go through the verification and cancellation application procedures with the foreign exchange administration according to related provisions on the verification and cancellation of foreign exchange disbursements for imports.

Chapter Nine - Supplementary provisions

Article 1 The original related regulations shall be followed on matters that have not been defined by the detailed rules.

Article 2 Violations against the provisions of the detailed rules shall be punished by the foreign exchange administration according to the “Regulations on Foreign Exchange Control” or other related laws and regulations. The corresponding preferential policies may also be revoked.

Article 3 The power of interpretation of the detailed rules rests with the Beijing Foreign Exchange Management Department of the State Administration of Foreign Exchange Control.

Article 4 The rules shall be implemented starting from September 1, 2000.