

Decision of the State Council on Reform of the Investment System

Guofa Paper No. 20 in 2004

The People's Governments of Provinces, Autonomous Regions and Municipalities, Ministries and Commissions of the State Council and institutions directly under the State Council

Since reform and opening up, the state has been making a series of reforms to break up the investment management mode under the traditional planned economic system; and a new pattern with diversified investment modes, multiplicity of capital sources and market-oriented system is taking shape. But the existing investment system also has some problems: especially, enterprises do not have complete decision-making rights over investment and the basic role of the market in allocation of resources is not fully developed. The scientific and democratic level of the government's decision-making over investment shall be further upgraded and the effectiveness of macro-control measures and supervision shall be enhanced. Therefore, the State Council has decided to further deepen investment reform.

I.Guiding ideologies and targets in deepening reform of the investment system

(1)The guiding ideologies on deepening investment system reform include fully bringing the basic role of the market in resource allocation into play under the government's macro-control, positioning main bodies of enterprises in investment activities, setting government standards for investment activities, and protecting the legitimate rights and interests of investors. Other aims include creating a market environment suitable for fair and orderly competition between all types of investors, promoting the reasonable flow and effective allocation of production elements, optimizing the investment structure, upgrading investment efficiency and boosting the coordinated economic development and all-round social progress in accordance with improvements to the socialist market economic system.

(2) Targets for deepening investment system reform include reforming the system of government oversight of enterprise investment and allowing enterprises greater independence in making investment decisions in line with the principle that "the investor makes the investment decisions, reaps the profits and bears the risks" ; rationally defining the government's investment functions, improving the management of government investment and establishing an accountability mechanism for government investment; further expanding project financing channels and developing a multiple of financing modes; cultivating standard investment intermediaries and strengthening self-discipline and promoting fair competition; establishing a macro-control mechanism for investment and improving control methods and measures; accelerating the legislation process in investment, intensifying investment supervision and maintaining a standard order in investment and construction markets.

These efforts will result in a new investment system under which investment is guided by the market, enterprises make their own investment decisions, banks examine creditworthiness independently, various forms of financing coexist, intermediary services are standardized and macro-control is efficient.

II. Change the functions of the management of the government and establish the position of main bodies of enterprises

(1)Reform of the project approval system and allow enterprises greater independence in making investment decisions. The enterprise investment management method of approval by governments all at levels and related departments according to investment scale disregards investors, capital source and project nature. Government

approval will no longer be required for projects not funded by the government,

Instead, the systems of "Authorization" and "Record-filing" will be used where appropriate. Projects not using state funds will only need governmental authorization for important and restricted investment projects relating to public or social interest. Other projects without state funds, no matter how large the scale, only need to be put on record, and enterprises will make decisions on market prospects, economic benefits, source of capital and product planning; and take on risks themselves. They shall also apply for certificates of environment protection, land use, resource use, production safety and urban planning by themselves and transact such formalities as tax deduction and exemption. Only a capital application report is required for government approval for projects constructed with government subsidy, lending or discounted loans. All regions and departments shall improve regulations and standard management and can't withhold the investment decision rights delegated to enterprises under any pretext.

(2) Standardize government authorization system. The scope of authorization shall be strictly defined and adjusted according to the changed situation. "Catalogue of Investment Projects Authorized by the Government" shall be jointly put forward by the investment department of the State Council and related departments, and implemented after the approval of the State Council. Without the approval of the State Council, other regions and departments can't add or delete the scope regulated by the Catalogue.

A project that is invested by enterprise and subject to the authorization system needs only the project application report. The project proposal, feasibility study report, and project opening report are no longer required. Under the authorization system, the government will only examine the project from the perspective of maintaining the safety of the economy, reasonable development and exploitation of resources, protection of the environment, optimization of the layout of key projects, guaranteeing the public interests and prevention of monopoly, etc. The government shall also authorize from the perspective of market accession and capital project management. Related government department shall formulate strict and standard authorization systems, specify the scope, contents, application procedure and stipulated time period for transactions and make them public to raise efficiency and transparency.

(3) Improve the filing system. For projects which do not fall in the investment authorization catalogue or have no government investment, only filing or registration with local governments is required. The specific implementation method of the filing system is formulated separately by the provincial government. The investment department in charge of the State Council shall enhance guidance and supervision of the filing.

(4) Large enterprise groups will be given greater power to make investment decisions. For large enterprise groups which invest to build projects in the "Catalogue of Investment Projects Authorized by the Government", independent declaration for authorization can be given according to projects and a medium- and long-range development and construction plan can be formulated. After the approval of the State Council and the investment department under the State Council, projects in the "Catalogue of Investment Projects Authorized by the Government" require no other authorization and only filing formalities are needed. Enterprise groups shall timely report the situation on the implementation and construction of the project to related departments of the State Council.

(5) Encourage social investment: The field for investment of non-government capital has widened. Non-government capital is encouraged to enter unrestricted infrastructure, public welfare, and other fields. The price of public products shall be rationalized gradually. Through such measures as principal injection, interest-discounted loans and favorable

taxes, non-governmental capital shall be encouraged and guided into public welfare undertakings and infrastructure projects. This refers to solely funded undertakings, joint ventures, cooperatives, joint management projects and financing modes. Contractors can be selected through public bidding for projects involving the exploitation and utilization of state monopoly resources that require unified planning. Bidding will occur after the government has confirmed construction planning. Eligible enterprises of all ownerships are encouraged to invest abroad.

(6) Further expand the financing channels of the investment projects. Enterprises of all categories are allowed to raise investment funds through equity transfer and a multi-tiered capital market with a multiple fund-raising mode complementing each other shall be built up gradually. Upon the approval of the investment department in the State Council and securities regulatory institutions, some infrastructure projects with stable earnings shall be selected as pilot projects and the construction fund for these projects shall be raised through public issuance of stock and convertible bonds. Under the premise of strictly preventing risk, the enterprise bond issuance regulatory system shall be reformed, the bond issuance scale shall be enlarged and the category of enterprises' bonds shall be increased. Fixed asset loan approval and corresponding risk management system shall be improved and perfected according to market rules and project construction shall be supported through such business methods as syndicated loans, lease financing and financial consulting. Enterprises of all ownership are allowed to apply for overseas loans according to related regulations. It's important to formulate related laws and regulations, build a system for financing small- and medium-sized enterprises and credit guarantee, encourage banks and various eligible guarantee institutions to study and innovate on the guarantee mode of financing project, boost the founding of investment companies of small- and medium-sized companies and establish and improve pioneering investment mechanisms. The development of investment funds of all categories shall be standardized and the insurance funds' indirect investment in infrastructure and key construction projects shall be encouraged and promoted.

(7) Standardize enterprise investment acts. Enterprises of all categories shall strictly conform to laws and regulations on land resources, environmental protection, safety production and city planning. The industrial policies and industry access standards shall be strictly implemented and projects prohibited by the state can not be invested. Enterprises shall be honest and law-abiding, active in maintaining public interest and ensuring project quality to upgrade returns on investment. State-owned and controlling enterprise shall establish and improve state-owned asset contributor system, investment risk control mechanism, scientific and democratic decision system and key investment responsibility accountability system. Efforts should be made to establish the corporate responsibility system for projects, project capital system, competitive bidding system, project quality monitoring system, and environment monitoring system and contract management system.

III. Perfect the system certifying the investment of the government and standardize the activities of the investment by the government

(1) Rationally confine the scope of government investment. Government investment will mainly be used in economic and social fields related to national security and in which the market cannot make effective allocation of resources, including public welfare and public infrastructure, environmental protection and improvement, advancement of economic and social development of less-developed regions, and technological development and high-tech industrialization. Priority will be given to social capital for projects that can be invested by it. The power of the central and local governments shall be rationally divided. Besides state-class governance, the central government is mainly

responsible for arranging trans-regional, trans-drainage area projects and projects having key influence on the general situation of economic and social development.

(2) Improve the decision mechanism of government-invested projects. Improve the decision-making rules and procedures for government-funded projects, make investment decisions more scientific and democratic. Government-funded projects must pass the assessment of eligible consulting intermediaries. Competition mechanisms shall be introduced for assessment and rational competition rules shall be formulated. For especially important projects, systems shall be established for soliciting opinions from experts, for keeping the public informed and extensively listening to proposals and opinions from all circles.

(3) Standardize the management of government-invested capital. Medium- and long-range planning annual plans shall be formulated for government investment to make comprehensive arrangement for the rational use of various government-invested capitals, including investment in the budget, funds for special construction and overseas loan. The government-invested capital is used by projects in such matters as direct investment, principal injection, investment subsidy, loan transfer and low-interest loan according to capital source, project nature and demand on control. For capital injected through principal injection, the contributor representative shall be confirmed. Corresponding management methods shall be devised according to different fund type and fund use modes and the systematization and standardization of the decision-making procedures and fund management of government investment shall be realized gradually.

(4) Simplify and standardize the approval procedure of government-invested projects and rationally divide the approval power. The project approval power of the central and local governments, investment department of the State Council and related department shall be confirmed rationally according to project nature, fund source and jurisdiction division. As to government-invested projects in direct investment and principal injection, only the project proposal and feasibility study report are subject to examination from the perspective of investment decision and project opening report is no longer required except special conditions. At the same time, the preliminary design and budgetary estimate approval shall be intensified. As to projects in involving investment subsidy, loan transfer and low-interest loans, only the fund application report is subject to examination. The specific power division and approval procedure shall be jointly formulated by the investment department of the State Council and related departments and such power division and approval procedure can be promulgated for implementation after getting the approval of the State Council.

(5) Strengthen management on government-invested projects and improve the construction implementation mode. The construction standard of government-invested projects shall be standardized and modified timely according to the change in situation. The investment capital plan shall be issued according to project progress. The intermediary service management shall be enhanced on government-invested projects and qualification management shall be adopted for such intermediaries as consulting and assessment institutions and bidding agents to upgrade the service quality. The contractor system should be put in place as soon as possible for non-profit government investment projects, i.e., through such measures as bidding, select professional project management units to take charge of the construction, strictly control project investment, quality and time limit and hand over the completed project to the users. The investment risk awareness shall be intensified and the risk management mechanisms for government-invested projects shall be established and improved.

(6) Introduce market mechanisms and fully develop the efficiency of government investment: Governments at all

levels shall create conditions and use modes such as franchised operations and subsidized investments to attract non-governmental capital. This is to engage in public welfare undertakings and infrastructure projects with rational rewards and promising investment returns. Franchised operations will be tried with monopoly projects. Fair competition shall be emphasized to protect the public interest through a contractor bidding system. The proprietary or operational rights of established government investment projects could be transferred. By law this requires government approval and the returned capital can be reinvested in public welfare and other infrastructure projects.

IV. Strengthen and improve the micro-control on investment

(1) Perfect the macro control system on investment: The National Development and Reform Commission will join hands with related departments under the leadership of the State Council to regulate investment activities across all of society. This is to maintain a reasonable investment scale, optimize investment structures, raise investment efficiency, and promote the quick, sustained, coordinated, and healthy development of the national economy. Comprehensive social progress will also be a focus according to the principles of function divisions, intimate cooperation, effective coordination, efficient operation and legal supervision.

(2) Improve the macro-control of investment. Investment in the whole society should be brought under indirect regulation and control through the comprehensive use of economic, legal and administrative means and economic levers. Related departments of the State Council shall formulate development and construction planning in such fields as education, science and technology, health, communication, energy, agriculture, forestry, water conservancy, ecological construction, environmental protection and strategic resource development (including necessary special development and construction planning) and specify the guiding ideology, strategic objective, overall distribution and main construction items according to the medium- and long-range planning for the national economy and social development. The development and construction planning approved according to stipulated procedures is an important basis for decision on investment. Governments at all levels and related departments shall try to raise the efficiency of government investment and guide social investment, formulate and timely adjust the Fixed-Asset Investment Guidance Catalogue and the Foreign-Invested Industry Guidance Catalogue and specify investment projects encouraged, restricted and prohibited by the state. It's important to establish an information dissemination system, timely promulgate the targets for investment control, main control policies, investment situation of key fields and development trend of the government to guide investment activities of the whole society. A scientific market access system shall be established, environmental protection standards, safety standards, energy-consumption and water-consumption standard, product technology, quality standards for key fields shall be standardized to prevent low-level wasteful duplication.

(3) Coordinate the macro-control means. The scale of government investment shall be reasonably confirmed according to the requirements of the national economy and social development and it's important to keep the state's positive guidance and effective control of the investment in the whole society. Economic levers such as investment subsidy, low interest, prices, interest rates and taxation shall be adopted to guide social investment and optimize the industrial and regional structure of the investment. Policies on loan and credit shall be formulated and adjusted at due time to guide the aggregate and direction of the medium- and long-range loans. The land use system shall be strengthened and standardized and the role of control and guidance of land provision on social investment shall be given full play.

(4) Strengthen and improve investment information and statistical work. Improve investment statistical work reform and improve the investment statistical system, and accurately reflect the stock of fixed assets in the whole society and the operation trend of investment, establish information sharing mechanism and offer scientific basis for the macro-control of investment. An investment risk alert and prevention system shall be established and the monitoring and analysis of the macro economy and investment operation shall be strengthened.

V. Strengthen and improve the supervision and management to investment

(1) Establish and improve a government investment supervision system. It's necessary to establish government investment accountability systems in such departments and units as project consulting, investment decision, design, construction and supervision. A government investment mechanism shall be improved; investment departments in charge, financial departments in charge and other departments shall supervise the management of government investment according to their functions and division of work. Auditing organs shall fully execute their functions by law to further strengthen the auditing and supervision of government-invested project and upgrade the management level of government investment and returns on investment. The system of key project auditing shall be perfected and the system of post-assessment of government-invested projects shall be established to fully supervise government-invested projects. A social supervision mechanism for government-invested projects shall be established and the public and press shall be encouraged to supervise government-invested projects.

(2) Establish and improve coordinated and cooperative corporate investment supervision system. Such departments as land and resources, environmental protection, urban planning, quality supervision, bank regulation, securities regulation, foreign exchange management, industry and commerce administration, safety production supervision shall enforce the supervision of the corporate investment activities and no approval can be given for those which don't meet the stipulation of laws, regulations and policies. For those projects which don't meet the prescription of related laws and regulations in the construction process, related department shall order them to timely rectify according to law. Investment departments in charge in governments at all levels shall enhance the in-progress and post supervision and examination of corporate investment projects. Projects which don't meet the industrial policies or market access standard or projects whose construction started without getting related authorization or approval shall be ordered to stop and the related corporation and personnel shall be questioned. The auditing organs audit and supervise the investment of state-owned enterprises to bolster the value of state-owned assets. An enterprise credit system shall be established. Those who offer false information or violate laws and regulations in the process of project declaration and construction shall be punished and their investment and construction activities shall be restricted.

(3) Strengthen the supervision of investment intermediaries. Investment intermediaries shall de-linked from government departments. The intermediaries shall abide by the principle of honesty, strengthen self-discipline and offer high-quality and diversified services to investors. The intermediaries are encouraged to go through partnership and joint-stock transformation. An association of intermediaries shall be established and perfected and an industrial management system with standard laws, government supervision and industrial self-discipline shall be established. Regional blockades and industrial monopoly shall be broken and an open, just and fair investment intermediary market shall be established and the legal responsibilities of the intermediaries shall be increased.

(4) Perfect laws and regulations and supervise and manage by law: It is necessary to establish and improve laws and regulations related with investments, protect the legitimate interests of investors, create a market environment

suited to fair and orderly competition between investors and realize the basic role of the market in resource allocation. It is also necessary to promote the reasonable flow and effective allocation of production elements, standardize the investment activities for all types of investors and promote the government's investment management activities. Related laws and regulations should also be implemented, financial disciplines must be enforced, management loopholes need to be tightened, construction costs should be slashed and investment efficiency must be improved. Law enforcement investigations shall be improved and a standard construction market order shall be cultivated and maintained.

Appendix: Catalogue of Investment Projects Authorized by the Government (2004)

The State Council of the People's Republic of China

July 16, 2004

Appendix:

Catalogue of Investment Projects Authorized by the Government (2004)

Brief introduction:

(I) The projects contained in this Catalogue refer to major and restricted fixed-asset investment projects invested in by companies and not supported by government funds.

(II) Non-government funded projects invested in by companies that are neither covered in the Catalogue nor prohibited by national laws and regulations or the rules set out by the State Council shall be put on record

(III) The approval of the projects to which national laws and regulations and the rules set out by the State Council apply shall be regulated as such.

(IV) This Catalogue sets out requirements for the approval authority of the government.

1. The projects that require the "approval of the investment authority of the State Council" are approved by the investment authority of the State Council and industry authorities. Of them, major projects shall be reported to the State Council.

2. The projects that require the "approval of the investment departments of local governments" are approved by the investment departments of the local governments and the same-level industry authorities. Provincial governments can specify the investment authority limits for local governments at different levels according to local situations and the nature of related projects. But for the projects that "must be approved by provincial investment departments" as required by the Catalogue, the approval authority is not allowed to be given to lower authorities.

3. Special authorization can be given for deciding extra-large enterprise investment to promote economic development and meet the needs of different industries.

(V) This Catalogue is the 2005 version and adjustments will be made as the situation changes.

I. Agriculture, forestry and water conservancy

Agriculture: The investment department of the provincial government has the right to authorize projects related to reclamation.

Reservoirs: International and trans-provincial (regions and municipalities) rivers are under the jurisdiction of the investment department of the State Council, while other projects are under the authority of investment departments of the local governments.

Other water works: The investment department of the State Council is in charge of approving the water resource allocation/adjustment projects of international rivers and trans-provincial (regions and municipalities) rivers that need the coordination of the Central Government.

II. Energy

(I) Electricity

Hydraulic power plants: Each project with a total installed capacity of 250,000 kW or more on major rivers are subject to the approval of the investment authority of the State Council while other projects are subject to the approval of the investment departments of local governments.

Pumped storage power stations are subject to the approval of the investment authority of the State Council.

Thermal power stations are subject to the approval of the investment authority of the State Council.

Heat power stations: Coal-power stations are subject to the approval of the investment authority of the State Council while other projects are subject to the investment departments of local governments.

Each wind power stations with a total installed capacity of 50,000 kW or more is subject to the approval of the

investment authority of the State Council while others are subject to the approval of the investment departments of local governments.

Nuclear power stations are subject to the approval of the State Council.

Power grid projects with 330 kV or more are subject to the approval of the investment authority of the State Council while others are subject to the approval of the investment departments of local governments.

(II) Coal

Coal mines: Coal mines within a planned State mine area are under the jurisdiction of the investment department of the State Council while other ordinary coal mines are under the authority of investment departments of local governments.

Coal liquefaction: Projects with a yearly yield of 500,000 tons and above are handled by the investment department of the State Council. Investment departments of local governments manage the other projects.

(III) Petroleum and natural gas

Crude oil: The investment authority of the State Council is responsible for approving new oil fields with a yearly output of one million tons or above. Other projects are decided by companies authorized to exploit oil fields and reported to the State Council for record.

Natural gas: The investment authority of the State Council is responsible for approving new natural gas fields with a yearly output of two billion cubic meters or above. Other projects are decided by companies authorized to exploit natural gas fields and reported to the State Council for record.

Liquefied petroleum gas terminals and storage facilities (excluding projects auxiliary to oil and gas fields and refineries) are subject to the approval of the investment authority of the State Council.

National crude oil storage facilities are subject to the approval of the State Council.

Oil pipe networks (excluding oil field concentration and transport networks): trans-provincial (regions and municipalities) trunk lines are subject to the investment authority of the State Council.

Gas transport networks (excluding oil field concentration and transport networks): Trans-provincial (regions and municipalities) projects or those with a yearly transport volume of 500 million cubic meters or above are subject to the approval of the investment authority of the State Council while others are in the jurisdiction of the investment departments of provincial governments.

III. Transportation

(I) Railroads

Newly-built railroads (including newly added ones): Trans-provincial (regions and municipalities) railroads or those of 100 kilometers or longer are subject to the approval of the investment authority of the State Council while others are subject to the approvals of the industry authorities of the State Council or provincial government investment departments according to the affiliation of the railroads.

(II) Highways

Highways: National trunk highways, trunk highways in western China, national expressway network and trans-provincial projects are subject to the approval of the investment department of the State Council while others are subject to the approval of provincial government investment departments.

Independent highways and tunnels: trans-border, trans-bay and trans-rivers (negotiable segments) are subject to the approval of the investment authority of the State Council while others are subject to the approval of the investment departments of local governments.

(III) Water transportation

Exclusive berths for coal, mineral, oil and gas: Newly-built harbors and projects each with a yearly throughput of two million tons or above are subject to the approval of the investment authority of the State Council while others are subject to the approval of provincial government investment departments.

Exclusive harbors for containers are subject to the approval of the investment department of the State Council.

Internal water transportation: Buildings of 1,000-ton and above vessels are subject to the approval of the investment department of the State Council while others are subject to the approval of local government investment departments.

(IV) Civil aviation

Newly-built airports are subject to the approval of the investment department of the State Council.

Airport extension projects each with a total investment of 1 billion yuan and above are under the control of the investment department of the State Council. Other projects fall under the authority of the industrial department of the State Council or investment departments of local governments.

The investment department of the State Council and related military departments will manage extensions of military-civilian airports.

IV. Information industry

Telecommunications: Domestic trunk lines (including radio and TV networks), international telecom transmission networks, international gateway stations, international telecom facilities for exclusive telecom networks and other information security sensitive telecom infrastructure are subject to the approval of the investment authority of the State Council.

Postal services: International gateways and other postal infrastructure projects relating to information security fall under the authority of the investment department of the State Council.

Electronic and information technology (IT) products: Satellite TV receivers and key components, mobile communications systems and terminals governed by special national regulations are subject to the approval of the investment department of the State Council.

V. Raw materials

Iron and steel: Iron ore exploitation projects each with a detected reserve of 50 million tons and above as well as iron-smelting, steel-smelting and steel rolling projects with increased productivity are handled by the investment department of the State Council. Other iron ore exploitation projects fall under the authority of the investment departments of provincial governments.

Non-ferrous metals: Newly-added electrolytic aluminum projects, newly-built alumina projects and mine development projects with an investment of 500 million yuan or above are subject to the approval of the investment department of the State Council while others are subject to the approval of the investment departments of provincial government.

Petrochemicals: Newly-built or added refineries and ethylene projects each with an increased capacity of more than 200,000 tons a year are subject to the approval of the investment department of the State Council.

Chemical raw materials: Newly-built PTA, PX, MDI, TDI projects, and transformed PTA and PX projects each with a yearly capacity of more than 100,000 tons are subject to the approval of the investment department of the State Council.

Chemical fertilizers: Potassium ore fertilizer projects each with a yearly output of 500,00 tons or above are subject to the approval of the investment department of the State Council while phosphate ore fertilizer projects and other potassium ore fertilizer projects are subject to the approvals of the investment departments of local governments.

Cement: Provincial government investment departments are responsible for approving cement projects except for those prohibited.

Rare earth: Mine exploration, metallurgy projects and rare earth deep-processing projects each with an investment of 100 million yuan and above are subject to the approval of the investment department of the State Council while other rare earth deep-processing projects are subject to the approvals of provincial government investment departments.

Gold: Gold projects each with a daily ore extraction of 500 tons or above are subject to the approval of the investment department of the State Council while others are subject to the approval of provincial government investment departments.

VI. Machinery manufacture

Automobiles: Implemented according to special regulations approved by the State Council.

Ships: Newly-built shipbuilding facilities (ship platforms and docks) and projects for civilian-use medium- and low-speed diesel motors are subject to the approval of the investment department of the State Council.

Urban rail transportation: The projects for manufacturing rail coaches, signal systems and traction systems are subject to the approval of the investment department of the State Council.

VII. Light industries and tobacco

Pulp: Pulp projects each with a yearly capacity of 100,000 tons or above are subject to the approval of the investment department of the State Council. Pulp projects each with a yearly capacity from 34,000 tons (inclusive) to 100,000 tons (exclusive) are subject to the approval of provincial government investment departments. Other projects are prohibited.

Denatured fuel ethanol projects are subject to the approval of the investment department of the State Council.

Polyester: Projects each with a daily production of 3 million tons and above fall under the authority of the investment department of the State Council.

Salt: Related projects are subject to the approval of the investment authority of the State Council.

Sugar: Sugar projects each with a daily processing capacity of 1,500 tons or above are subject to the approval of provincial government investment departments. Other sugar projects are prohibited.

Tobacco: Cigarettes, diacetate fibers for tobacco and bundles are subject to the approval of the investment authority of the State Council.

VIII. New and high technologies

Civilian aviation and space flight: The projects for manufacturing civilian planes (including helicopters), civilian satellites, and civilian earth stations for remote sensing satellites are subject to the approval of the investment authority of the State Council.

IX. Urban construction

Urban fast rail transportation projects are subject to the approval of the investment authority of the State Council.

Urban water supply: Projects with a trans-provincial (municipality or autonomous region) water diversion volume of 500,000 tons and above fall under the control of the investment department of the State Council. Investment departments of local governments handle other water supply projects.

Urban roads and bridges: Bridges and tunnels that cross major rivers and bays are subject to the approval of the investment authority of the State Council.

Other urban construction projects are subject to the approval of the investment departments of local governments.

X. Social undertakings

Education, health, culture and broadcasts: University towns, medical towns and other park-type construction projects are subject to the approval of the investment authority of the State Council.

Tourism: Tourism development projects and resource protection facilities each with a total investment of 50 million yuan or above in key national scenic and famous spots, national nature reserves and areas for key national cultural heritage are subject to the approval of the investment department of the State Council. Projects each with a total investment of 30 million yuan and above in world nature and culture reserves are also subject to the approvals of the investment authority of the State Council.

Sports: F1 racing tracks are subject to the approval of the investment authority of the State Council.

Recreation: Large theme parks are subject to the approval of the investment authority of the State Council.

Other social undertakings are subject to the approval of the responsible departments of the State Council or local government investment departments.

XI. Finance

Paper money printing, coinage and banknote papers are subject to the approval of the investment department of the State Council.

XII. Foreign investment

For foreign investment projects encouraged or permitted according to the Foreign-Invested Industry Guidance Catalogue, the National Development and Reform Commission (NDRC) has the right to authorize any project with a total investment amount above US\$100 million.

Restrictive projects each with a total investment (or an investment increase) of US \$50 million or above, as specified in the Foreign-Invested Industry Guidance Catalogue, are subject to the approvals of NDRC.

The Ministry of Commerce (MOFCOM) is responsible for approving the establishment of, and changes to, foreign-funded enterprises involving nationwide limits, investment restrictions, quotas or licenses, major changes (capital increases or decreases, share transfer and mergers) that are specially regulated by the contracts, charters and laws that govern large foreign-funded projects.

Any other project is subject to the approval of local government investment departments in accordance with laws and regulations.

XIII. Investment abroad

Chinese overseas investment projects related to resource exploitation that have an investment of US\$30 million and above are authorized by NDRC.

Non-resource projects overseas involving US\$10 million and above in foreign exchange are authorized by the NDRC.

For other overseas investment projects, the investment projects managed by central enterprises should be reported to the NDRC and MOFCOM for record. Other investment projects are subject to the approval of the investment departments of local governments in accordance with related laws and regulations.

MOFCOM is responsible for authorizing Chinese companies' investment overseas (excluding financial enterprises).

For all the information mentioned, the Chinese-edition will be the decisive version.