



Discussion on Investment and Re-entrepreneurship of Inland Enterprises under the Policy of Hainan Free Trade Port

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Abstract: As a pioneering demonstration zone for China's deepening reform and opening-up, the Hainan Free Trade Port will focus on exploring innovative approaches to investment attraction and trade regulation. Leveraging advantages in trade facilitation, investment liberalization, high-end industrial agglomeration, comprehensive financial infrastructure, and robust legal systems, this region not only creates opportunities for local enterprises to upgrade and transform but also effectively integrates industrial elements across the Taiwan Strait. This dynamic continues to attract mainland capital investment, injecting strong momentum into regional economic development. Against this backdrop, this paper examines the current status of Hainan Free Trade Port and proposes feasible recommendations from two dimensions — investment decision-making and enterprise transformation — to address the phenomenon of large-scale mainland enterprises relocating to the port area.

Keywords: free trade; investment and financing; re-entrepreneurship

1. Introduction

On June 8, 2020, Hainan Province officially promulgated and implemented its "Master Plan for Building a Free Trade Port". Following this landmark policy, the provincial government has prioritized enterprise development and talent recruitment as core economic priorities. Against this backdrop, businesses from across China have flocked to Hainan. The key challenge now is how to effectively leverage tax incentives and policy support mechanisms within the Free Trade Port framework — a critical issue requiring urgent resolution for enterprises in all sectors.

2. The impact of Hainan Free Trade Port policies on enterprises

2.1 Reduce trial and error

The Hainan Free Trade Port policy establishes a systematic institutional framework to provide businesses with stable expectations, effectively reducing exploration costs for market entities. Core provisions such as the dual-track preferential mechanism for corporate and individual income taxes, and the negative list management system for cross-border service trade, solidify reform achievements through legal codification, helping inland enterprises break free from resource-intensive dilemmas caused by traditional trial-and-error approaches. The "first-line liberalization, second-line regulation" special supervision model creates clear rule boundaries. Combined with the continuous deepening of "simplified approval" pilot reforms in key industrial parks, this significantly reduces compliance risks for enterprises in cross-border supply chain layouts and new business model expansions. The policy-designed industrial synergy system promotes organic linkages between electronics, shipping logistics, and tropical agriculture, enabling enterprises to make data-driven decision support when extending upstream and downstream industrial chains. The coordinated operation of integrated customs supervision platforms and dynamic adjustment mechanisms for "zero-tariff" lists notably shortens enterprises' learning curve in adapting to new trade rules [1].

2.2 Standardizing tax supervision

The Hainan Free Trade Port policy strengthens corporate compliance boundaries through a comprehensive tax supervision system covering the entire industrial chain. Leveraging a penetrating management philosophy, it establishes a multi-dimensional monitoring network for enterprise registration, cross-border transaction accounting, and preferential policy implementation. The port implements a dual 15% preferential tax rate system for corporate income and individual income taxes, supported by dynamic tracking functions of the electronic tax bureau. A filing-based declaration system combined with intelligent risk scanning ensures enterprises benefiting from these policies meet mandatory criteria including substantive operational standards and employee localization ratios. The newly introduced tax advance ruling service provides definitive guidelines for complex tax matters like corporate restructuring and cross-border payments, while being integrated into customs special supervision zone systems for simplified VAT declarations and duty-free verification modules for goods

with over 30% processing value-added. Differentiated regulatory rules are formulated for emerging sectors such as offshore trade and cross-border e-commerce. Real-time transaction data streams are collected through offshore account monitoring platforms and bonded display transaction traceability systems, complemented by blockchain technology to establish full lifecycle ledgers for duty-free imported equipment. The Hainan International Investment Single Window's integrated tax registration pre-review function achieves seamless data integration with market regulators, automatically verifying the authenticity of corporate equity structures and cross-border investment routes to block tax avoidance schemes using shell companies. The policy specifies a dual taxation verification mechanism for registered offices and operational bases in key industrial parks, implementing cross-border profit division oversight for enterprises registered in Hainan but primarily operating inland, while strictly limiting unreasonable transfer pricing practices in related-party transactions.

3. Optimization measures for inland enterprises to invest and re-entrepreneurship under the policies of Hainan Free Trade Port

3.1 Establishing a cross-regional investment service docking platform

The Hainan Free Trade Port policy requires establishing a comprehensive investment service network to create two-way connectivity channels between inland enterprises and Hainan's resources. By leveraging digital platforms, it integrates intelligent matching for investment site selection, smart policy diagnosis, and industrial compatibility analysis, while dynamically updating core data resources including land supply in free trade port zones, production factor prices, and cross-border customs clearance facilitation. Blockchain certification technology should be embedded throughout the entire process of enterprise relocation across regions, ensuring real-time traceability and credible documentation for business registration changes, tax filing transfers, and mutual recognition of qualifications, effectively addressing identity continuity issues for cross-provincial business entities [2]. The policy could promote the formation of government-enterprise collaborative task forces for industrial relocation, integrating functional modules such as access rule interpretation for special customs supervision zones, dynamic alerts for cross-border investment negative lists, and guidance for industrial subsidy applications, thereby creating a one-stop service system from policy consultation to implementation. Key parks should establish green service channels for inland enterprises, introducing pre-arbitration mediation mechanisms and rapid-response systems for cross-border intellectual property protection, while streamlining business establishment and project filing timelines through fully electronic approval systems. Simultaneously, multi-level cross-regional data sharing hubs should be built by deeply integrating Hainan's government service platform with credit information systems of inland provinces, enabling mutual verification of business abnormality lists, administrative permit recognition, and shared information on joint disciplinary actions, thus reducing compliance risks caused by information gaps.

3.2 Build an industrial vertical integration innovation ecosystem

The Hainan Free Trade Port policy should focus on designing and optimizing collaborative innovation mechanisms across industrial chains. It should encourage inland enterprises to integrate high-value-added segments such as R&D design and brand operations into the Free Trade Port's functional framework, while leveraging tax-free policies for processing value-added domestic sales to guide inland production bases toward becoming intelligent manufacturing hubs. By establishing cross-regional industrial technology innovation alliances, the initiative will integrate overseas expert resources from Hainan's offshore innovation bases with experimental equipment advantages from inland research institutes, forming joint R&D capabilities in germplasm resource development and high-end medical device sectors. Capitalizing on the post-island customs clearance convenience for cross-border data flow, the policy supports inland enterprises in setting up offshore data centers and digital asset settlement hubs within the Free Trade Port, exploring blockchain-based solutions for cross-border trade order splitting and supply chain visualization systems [3]. Key development areas include bonded maintenance remanufacturing and green low-carbon technology cross-border transactions. While building aviation industry clusters through aviation material tax exemptions, the policy promotes technical compatibility between deep-sea equipment manufacturing and inland basic material industries. A global supply chain collaboration network with Hainan as the pivot will be established, enabling mainland enterprises to dynamically hedge raw material procurement risks against international market price fluctuations via the Free Trade Port's bulk commodity trading platform. Additionally, tax incentives for financial leasing will alleviate funding pressures for technological equipment upgrades.

4. Conclusions

The planning and construction of the Hainan Free Trade Port has a clear developmental positioning, with the core objective of driving innovative breakthroughs in Hainan's regional economy and society. By optimizing resource allocation,

it aims to achieve high-quality development of the industrial economy while focusing on cultivating new growth drivers. As a crucial gateway for China's opening-up, the Hainan Free Trade Port also serves as a vital link connecting the domestic economy with international markets. In the current era of booming innovation and entrepreneurship, industrial upgrading and corporate transformation have become common challenges faced by domestic enterprises. The implementation of the Hainan Free Trade Port provides a significant opportunity for Chinese enterprises to achieve a new round of transformation and upgrading.

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