

# Trial Measures for the Investment in and Establishment of Sino-Foreign Equity Joint Venture Enterprises and Sino-foreign Cooperative Joint Venture Enterprises by Domestic Natural Persons in Pudong New Area

## Description

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Article 1 These Trial Measures are specially formulated for the purposes of expanding international economic cooperation and technology exchange, deepening the trial comprehensive reform in Pudong New Area, and allowing domestic natural persons to establish Sino-foreign equity joint venture enterprises or Sino-foreign cooperative joint venture enterprises in Pudong New Area with foreign companies, enterprises, other economic organizations, or individuals on the basis of "equality and mutual benefit".

Article 2 For the purposes of these Trial Measures, domestic natural persons refer to domestic residents who hold resident identity cards of the People's Republic of China.

Article 3 These Trial Measures are applicable to the examination and approval or registration of Sino-foreign equity joint venture enterprises or Sino-foreign cooperative joint venture enterprises jointly invested and established in Pudong New Area by domestic

Article 4 A domestic natural person that invests in and establishes a Sino-foreign equity joint venture enterprise or Sino-foreign cooperative joint venture enterprise shall satisfy the following conditions:

- (1) Having full capacity for civil conduct; and
- (2) Complying with other provisions of the State laws and regulations on natural persons becoming shareholders.

Article 5 The investment in a Sino-foreign equity joint venture enterprise or Sino-foreign cooperative joint venture enterprise invested and established by a domestic natural person shall be restricted to the encouraged or permitted projects prescribed in the Industry Catalog for Guiding Foreign Investment.

Article 6 A domestic natural person can make investment or provide cooperation in the form of currency, or in kind, intellectual property rights, or other non-currency property which can be evaluated in currency and can be transferred in accordance with the law. If any law or administrative regulation stipulates otherwise, such stipulations shall prevail.

Article 7 The examination and approval, and registration of a Sino-foreign equity joint venture enterprise or Sino-foreign cooperative joint venture enterprise invested and established by a domestic natural person in Pudong New Area shall be handled by the Commerce Commission of Pudong New Area and the Shanghai Administration of Industry and Commerce Pudong New Area Branch within their respective authority limit of examination and approval, and registration.

Article 8 Where the alteration of a wholly foreign-funded enterprise results in a domestic natural person becoming a shareholder of a Sino-foreign equity joint venture enterprise or Sino-foreign cooperative joint venture enterprise, the relevant matters shall be handled in accordance with these Trial Measures.

Article 9 With regard to the examination and approval, and registration of an enterprise jointly invested and established in Pudong New Area by a domestic natural person with any company, enterprise, other economic organization, or individual from Hong Kong, Macau, or Taiwan Region, these Trial Measures shall apply as a reference.

Article 10 These Trial Measures shall become effective on May 1, 2010, and the period of trial implementation shall be two years.

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