

Important stipulations in New Regulations

[18th January, 2011 Issue 2]

I. On November 11 2010, the Beijing Municipal Commission of Commerce issued **Notice on the Examination and Approval of the Contract, AOA and Changing Items for WFOE**. The WFOEs whose invested capital is less than USD 100,000,000 would be in the charge of the Commerce Bureau in the local districts. The details are as follows:

Article 1 The Commerce Bureau in the local districts would be in charge of the examination and approval of contract, AOA and changing items for the WFOEs whose invested capital are less than USD 100,000,000, and issue the "Approval Certificate" accordingly.

Article 2 The range of the examination and approval would be limited to those companies belong to the encouraged or allowed category foreign investment projects, and not requiring overall state balancing circular.

Article 3 This notice would also be suitable to the examination and approval of the companies invested by Taiwan, Hong Kong or Macao.

II. On September 20 2010, the Beijing Administration for Industry and Commerce issued **Announcement on the Power of Examining and Approving Foreign-Invested Advertising Enterprise Projects**. In accordance with the spirit of the Circular of the State Administration for Industry and Commerce on Authorizing Industry and Commerce Administrations of All Provinces, Autonomous Regions and Municipalities Directly under the Central Government to Examine and Approve of Foreign-Invested Advertising Enterprise Projects, since October 1, 2010, projects of investment in Beijing for establishment of Sino-foreign joint venture advertising enterprises, Sino-foreign cooperative advertising enterprise and solely foreign-funded advertising enterprises shall be subject to examination and approval by Beijing Administration for Industry and Commerce. The specific procedure is hereby set out as follows: For application for establishment of a Sino-foreign joint venture (cooperative) advertising enterprise, the Chinese primary partner shall submit documents specified in Article 12 of the Provisions for Administration of Foreign-Invested Advertising Enterprises (hereinafter referred to as the "Provisions") to Beijing Administration for Industry and Commerce, which shall, upon examination and approval, issue Opinions of Examination about Foreign-Invested Advertising Enterprise Projects. The Chinese primary partner shall, with the Opinions, go through relevant formalities with the municipal commercial authority. For application for establishment of a solely foreign-funded advertising enterprise, the foreign investors shall submit documents specified in Article 14 of the Provisions to Beijing Administration for Industry and Commerce, which shall, upon examination and approval, issue Opinions of Examination about Foreign-Invested Advertising Enterprise Projects. The said foreign

investors shall, with the Opinions, go through relevant formalities with the municipal commercial authority.

III. On November 4 2010, the State Administration of Foreign Exchange issued **Circular on Further Regulating the Administration of Housing Purchases by Overseas Institutions and Individuals**. Article 1 Unless otherwise provided for in laws and regulations, an overseas individual may purchase only one self-use house within the territory of China; any overseas institution which sets up a branch or representative office within the territory of China may purchase a non-residence house required for business purposes only in the city where such branch or representative office is registered. Article 2 The competent authorities in charge of real estate affairs of all regions shall, in handling the filing of advance sales contract for commercial housing and the registration of housing property for an overseas individual, examine and verify, in addition to documents prescribed in the Administrative Measures for the Advance Sale of Urban Commercial Houses and the Measures for Housing Registration and whether the house-purchaser holds the house in his name or not, the following documents: 1. A certificate issued by the relevant authority proving that an overseas individual (residents from Hong Kong, Macao and Taiwan and overseas Chinese not included) has worked within the territory of China for more than one year; a certificate proving that a person from Hong Kong, Macao and Taiwan and an overseas Chinese has worked, studied and lived within the territory of China. 2. A written promise made by an overseas individual that he or she does not have any other housing within the territory of China. Article 3 The competent authorities in charge of real estate affairs of all regions shall, in handling the filing of advance sales contract for commercial housing and the registration of housing property for an overseas institution, examine and verify, in addition to documents prescribed in the Administrative Measures for the Advance Sale of Urban Commercial Houses and the Measures for Housing Registration and whether or not the house-purchaser holds the house in his name, the following documents: 1. An approval document and a certificate of registration issued by the relevant authorities for the establishment of a branch or representative office; and 2. A written promise made by an overseas institution that the housing to be purchased is actually required for business purposes. Article 4 Overseas institution and individuals shall strictly abide by the Circular on Issues Relating to Regulating the Administration of Foreign Exchange in the Real Estate Market (Hui Fa [2006] No.47) in applying for foreign exchange settlement with respect to housing purchase.