

China - Detailed Rules for the Implementation Laws of China on Chinese-Foreign Cooperative Joint Ventures, 1995

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Contents

Detailed Rules for the Implementation of the Law of the People’s Republic of China on Chinese-Foreign Cooperative Joint Ventures
(Approved by the State Council of the People’s Republic of China on August 7, 1995 and Promulgated by the Ministry of Foreign Trade and Economic Cooperation on September 4, 1995) 1

Chapter I - General Provisions 1

Article 1 1

Article 2 1

Article 3 1

Article 4 1

Article 5 1

Chapter II - The Establishment of a Cooperative Joint Venture 1

Article 6 1

Article 7 2

Article 8 2

Article 9 3

Article 10 3

Article 11 3

Article 12 3

Article 13 4

Chapter III - Form of Organization and Registered Capital 5

Article 14 5

Article 15 5

Article 16 5

Chapter IV - Investment and Cooperation Conditions 5

Article 17 5

Article 18 5

Article 19 6

Article 20 6

Article 21 6

Article 22 6

Article 23 7

Chapter V - Organizational Structure 7

Article 24 7

Article 25 7

Article 26 7

Article 27 7

Article 28 7

Article 29 8

Article 30 8

Article 31 8

Article 32 8

Article 33 9

Article 34 9

Article 35 9

Chapter VI - Purchase of Materials and Marketing of Products 9

Article 36 9

Article 37 9

Article 38 9

Article 39 10

Article 40 10

Article 41 10

Article 42 10

Chapter VII - Distribution of Income and Recovery of Investment	10
Article 43	10
Article 44	10
Article 45	11
Article 46	11
Chapter VIII - Duration and Dissolution	11
Article 47	11
Article 48	12
Article 49	12
Chapter IX - Special Provisions on Cooperative Joint Ventures without Legal Person Status	12
Article 50	12
Article 51	12
Article 52	12
Article 53	13
Article 54	13
Chapter X - Supplementary Provisions	13
Article 55	13
Article 56	13
Article 57	13
Article 58	13
Metadata	14
SISU Metadata, document information	14

1 **Detailed Rules for the Implementation of the Law of the**
2 **People's Republic of China on Chinese-Foreign**
3 **Cooperative Joint Ventures**
4 **(Approved by the State Council of the People's**
5 **Republic of China on August 7, 1995 and Promulgated**
6 **by the Ministry of Foreign Trade and Economic**
7 **Cooperation on September 4, 1995)**

8 **Chapter I - General Provisions**

9 **Article 1**

10 These Detailed Rules are formulated in accordance with the Law
11 of the People's Republic of China on Chinese-Foreign Cooperative
12 Joint Ventures .

13 **Article 2**

14 The establishment of Chinese-Foreign cooperative joint ventures (
15 hereinafter referred to as cooperative joint ventures) in the territory
16 of China shall comply with the development policy and industrial
17 policy of the State, and the provisions of the State for the guidance
18 of foreign investment direction.

19 **Article 3**

20 A cooperative joint venture may, within the perimeters of the ap-
21 proved cooperative joint venture agreement, contract and articles
22 of association, conduct business and management activities inde-
23 pendently according to law and free from the intervention of any
24 organization or individual.

25 **Article 4**

26 A cooperative joint venture may be either a joint venture with the 10
27 status of a Chinese legal person obtained according to law or one
28 without the legal person status.

29 For a cooperative joint venture without the legal person status, 11
30 where Chapter IX of the Detailed Rules has special provisions,
31 these provisions shall apply.

32 **Article 5**

33 The competent authority for a cooperative joint venture shall be 13
34 the competent authority for the Chinese party of the joint venture.
35 Where there are more than one Chinese party to the cooperative
36 joint venture, the examination and approval authority shall decide
37 on a competent authority for the cooperative joint venture in con-
38 sultation with relevant departments, unless otherwise stipulated in
39 laws and administrative rules.

40 The competent authority for a cooperative joint venture shall con- 14
41 duct coordination and afford assistance in relation to matters of the
42 cooperative joint venture.

43 **Chapter II - The Establishment of a Cooperative Joint**
44 **Venture**

45 **Article 6**

46 The establishment of a cooperative joint venture shall be exam- 17
47 ined and approved by the Ministry of Foreign Trade and Economic
48 Cooperation or the department and local people's government au-
49 thorized by the State Council.

50 The department or local people's government authorized by the 18

State Council may examine and approve cooperative joint ventures in the following circumstances: 27

19 (1) The total amount of investment is within the authorization for approval as set by the State Council, by the departments or local people's governments authorized by the State Council;

20 (2) The capital has been raised by the applicants themselves, construction and production conditions do not need to be balanced by the State ;

21 (3) Exportation of the products of the cooperative joint venture does not require export quota and license to be issued by relevant competent departments of the State; or if exportation requires quota and license, the consent of relevant competent departments has been obtained prior to submitting the application for establishing the cooperative joint venture.

22 (4) Other circumstances in which the departments or local governments authorized by the State Council may examine and approve cooperative joint ventures as stipulated in laws and administrative rules.

23 Article 7

24 To establish a cooperative joint venture, the Chinese party/parties (hereinafter referred to as the Chinese party) shall submit to the examination and approval authority the following documents:

25 (1) Application for establishing a cooperative joint venture accompanied by the examination and approval documents of the competent authority;

26 (2) Feasibility study report jointly prepared by all parties to the cooperative joint venture accompanied by the examination and approval documents of the competent authority;

(3) Joint venture agreement, contract and articles of association signed by the legal representatives or representatives authorized by them of all parties to the joint venture;

(4) Business licenses or registration certificates, financial credit documents and valid certification documents of the legal representatives of all parties to the joint venture; where the foreign party/parties (hereinafter referred to as the foreign party) is a natural person, valid certification documents on his/her identity, resume and financial credit shall be presented; 28

(5) List of chairman, deputy chairmen and members of the board of directors or list of director, deputy directors and members of the joint management committee of the cooperative joint venture as determined by all parties through consultation; 29

(6) Other documents as required by the examination and approval authority. 30

The documents listed in the preceding paragraph shall be written in Chinese with the exception of the documents in the subparagraph (4) to be presented by the foreign party, each of the documents required under subparagraph (2), (3) and (5) may be accompanied by a version of a foreign language agreed upon by all parties. 31

The examination and approval authority shall decide whether to approve or disapprove the application for the establishment of a cooperative joint venture within 45 days from the date of receiving all the documents as stipulated; should anything incomplete or inappropriate be found in the documents presented, the examination and approval authority may demand a supplement or amendment to them within a limited period of time. 32

Article 8 33

For a cooperative joint venture approved by the Ministry of Foreign 34

Trade and Economic Cooperation or by departments authorized by the State Council, the certificate of approval shall be granted by the Ministry of Foreign Trade and Economic Cooperation.

35 For a cooperative joint venture approved by local people's government authorized by the State Council, the relevant local people's government shall grant the certificate of approval and submit the relevant approval documents to the Ministry of Foreign Trade and Economic Cooperation for recordation within 30 days from the date of approval.

36 The cooperative joint venture approved for establishment shall apply, according to law, to the administrative authorities for industry and commerce for registration and business license.

37 **Article 9**

38 An application for establishing a cooperative joint venture shall not be approved if the venture involves in any of the following circumstances:

- 39 (1) Detriment to China's sovereignty or public interest;
- 40 (2) Jeopardizing the State security;
- 41 (3) Polluting and damaging the environment;
- 42 (4) Other circumstance involving violation of laws, administrative rules and the State industrial policies.

43 **Article 10**

44 For the purpose of the Detailed Rules, the cooperative joint venture agreement refers to a written document produced after all parties reached consensus on the principles and significant matters in relation to the establishment of the cooperative joint venture.

45 For the purpose of the Detailed Rules, the cooperative joint venture contract refers to a written document produced after all parties reached consensus on their respective rights and obligations in the cooperative joint venture.

46 For the purpose of the Detailed Rules, the articles of association of a cooperative joint venture refers to a written document laying down the principles of organization and method of operation and management as agreed on by all parties in line with the cooperative joint venture contract.

47 Where there are any contents in the agreement and articles of association which are inconsistent with the contract of a cooperative joint venture, the contract shall prevail.

48 The parties to a cooperative joint venture may not sign a cooperative joint venture agreement.

Article 11

49 The agreement, contract and articles of association of a cooperative joint venture shall enter into force upon the issuance of the certificate of approval by the examination and approval authority. For the duration of the cooperative joint venture, and substantive amendment to the agreement, contract and article of association of the cooperative joint venture shall be approved by the examination and approval authority.

Article 12

50 The contract of a cooperative joint venture shall bear the following items:

- 51 (1) Names, place of registration, domicile of all parties, and names,

	titles and nationalities of their legal representatives (where the foreign party is a natural person, his/her name, nationality and domicile);	66	(14) Procedures for amending the cooperative joint venture contract.	
54	(2) Name, address and business scope of the cooperative joint venture;		Article 13	67
55	(3) Total amount of investment, registered capital, way and duration of investment or cooperation conditions contributed by each party;		The articles of association of a cooperative joint venture shall include the following items:	68
56	(4) Transfer of investment contribution or provision of cooperation conditions by each party;		(1) Name and address of the cooperative joint venture;	69
57	(5) Distribution of income or products to all parties, apportioning of risk or loss between the parties;		(2) Business scope and duration of cooperation of the cooperative joint venture;	70
58	(6) Composition of the board of directors or the joint management committee, allocation of the members of the board of directors or the joint management committee, responsibilities of and the ways for employment and dismissal of the president and other senior management people;		(3) Names, places of registration, domicile of all parties to the cooperative joint venture and names, titles, and nationalities of their legal representatives (where the foreign party is a natural person, his/her name, nationality and domicile);	71
59	(7) Main production equipment and production technology to be employed, and their sources;		(4) Total amount of investment, registered capital, ways and duration of investment or cooperation conditions contributed by the parties to the cooperative joint venture;	72
60	(8) Arrangement for sales of products in and outside China;		(5) Distribution of income or products to all parties and apportioning of risk and loss between the parties;	73
61	(9) Arrangement for the income and expenditure of foreign exchanges of the cooperative joint venture;		(6) Composition, terms of reference and proceedings of the board of directors or joint management committee of the cooperative joint venture; term of office for directors of the board of directors or members on the joint management committee; terms of reference of chairman and vice chairmen of the board of directors or director and deputy directors of the joint management committee;	74
62	(10) duration, dissolution and liquidation of the cooperative joint venture;		(7) Establishment, terms of reference and reles* for handling matters of the operation and management body; terms of reference, engagement and dismissal of general manager and other senior management personnel;	75
63	(11) Other obligations of the parties and the responsibilities arising from breach of the contract;		(8) Regulations related to labor management covering employment	76
64	(12) Principles for handling finance, accounting and auditing;			
65	(13) Settlement between and among all parties;			

of staff and workers, training, labor contract, salaries & wages, social insurance, welfare benefits, job safety, etc.; 86

77 (9) Finance, accounting and auditing system of the cooperative joint venture;

78 (10) Dissolution and liquidation of the cooperation joint venture;

79 (11) Procedures for amendment of the articles of association of the cooperative joint venture.

80 **Chapter III - Form of Organization and Registered Capital**

81 **Article 14**

82 The cooperative joint venture, after obtaining the status of Chinese legal person, shall take the form of a limited liability company. Unless otherwise stipulated in the cooperative joint venture contract, each party shall be held liable to the cooperative joint venture within the limit of its investment and cooperation conditions contributed to the cooperative joint venture.

83 The cooperative joint venture shall be held liable to its debts within the limit of its total assets.

84 **Article 15**

85 The total amount of investment of a cooperative joint venture refers to the sum of funds necessary for reaching the production scale provided for by the cooperative joint venture contract and the articles of association of the cooperative joint venture.

Article 16

The registered capital of a cooperative joint venture refers to the total amount of capital, contributed by all parties to the cooperative joint venture and registered with the authority for industry and commerce when applying for the establishment of the cooperative joint venture. Registered capital can be either denominated in Renminbi Yuan or in any other freely convertible foreign currency as agreed upon by all parties to the cooperative joint venture. 87

Any decrease in the registered capital of the cooperative joint venture is not allowed during the term of cooperation. However, any decrease, necessary due to changes in the total amount of investment and production scale, shall be subject to the approval of the examination and approval authority. 88

89 **Chapter IV - Investment and Cooperation Conditions**

90 **Article 17**

All parties to cooperative joint venture shall, in accordance with the provisions of relevant laws and administrative regulations and stipulations of the cooperative joint venture contract, make their investment or provide cooperation conditions to the cooperative joint venture. 91

92 **Article 18**

The investment made or cooperation conditions provided by all parties to the cooperative joint venture may be in cash, in kind, or in other property rights such as industrial property rights, know-how and land-use rights. 93

94 Where the investment or cooperation conditions provided by the Chinese party fall into the category of State assets, an asset evaluation shall be conducted in accordance with relevant provisions of laws and administrative regulations.

95 For a cooperative joint venture which has obtained the status of a Chinese legal person according to law, the investment made by the foreign party shall be, in general, no less than 25% of the registered capital of the venture. For a cooperative joint venture without the status of a legal person, the specific requirements for the investment made and cooperation conditions contributed by all parties to the venture shall be subject to the regulations stipulated by the Ministry of Foreign Trade & Economic Cooperation.

96 **Article 19**

97 The investment made or cooperation conditions provided shall be the property or property rights owned by the parties to a cooperative joint venture. The investment made or cooperation conditions provided shall not be property or property rights already posted as mortgage or other forms of collaterals.*

98 **Article 20**

99 All parties to a cooperative joint venture shall stipulate, based on the production and operation requirements of the venture and in light of the provisions of relevant laws and administrative regulations, the duration of the investment to be made and the cooperation conditions to be contributed in the joint venture contract.

100 In the event of a failure to make the investment or provide the cooperative conditions as set forth by the cooperative joint venture contract, the authority for the administration of industry & commerce shall specify a time limit for performance. If the said obligations

are still not performed upon the expiration of the specified time limit, the examination and approval authority shall revoke the certificate of approval and the authority for the administration of industry and commerce shall revoke the business license of the cooperative joint venture and make a public announcement to that effect.

Article 21

The party failing to make investment or provide cooperation conditions as set forth by the cooperative joint venture contract shall be held liable for the breach of contract to the other party which have performed their duties as stipulated in the contract.

Article 22

The investments made or cooperation conditions contributed by all parties to the cooperative joint venture shall be verified by, and reports of verification shall be submitted by accountants registered in China. And certificates of contribution shall be issued thereupon to all parties by the cooperative joint venture. The certificate of contribution shall include the following items:

- (1) Name of the cooperative joint venture;
- (2) Date of the establishment of the cooperative joint venture;
- (3) Names of all parties to the cooperative joint venture;
- (4) Contents of the investments made or the cooperation conditions contributed by all parties to the cooperative joint venture;
- (5) Date of contribution of investments or provision of operation conditions by all parties to a cooperative joint venture;
- (6) Serial No. and date of issuance of the certificate of contribution.

111 Copies of the certificate of contribution shall be submitted respectively to the examination and approval authority and the authority for the administration of industry and commerce.

112 **Article 23**

113 Mutual transfer of all or part of its rights under the cooperative joint venture contract between parties to the venture or transfer of all or part of its rights under the contract from one party to a third party other than the parties to the venture shall be subject to the consent in written form from the other party, and the matter shall be submitted to the examination and approval authority for approval.

114 The examination and approval authority shall decide to approve or disapprove the assignment within 30 days of receipt of the relevant documents.

115 **Chapter V - Organizational Structure**

116 **Article 24**

117 A board of directors or a joint management committee shall be established in a cooperative joint venture. The board of directors or the joint management committee shall be the power organ of the cooperative joint venture, and shall, in accordance with the provisions of the articles of association of the cooperative joint venture, decide on major important issues concerning the cooperative joint venture.

118 **Article 25**

119 The board of directors or the joint management committee shall consist of at least three persons. The allocation of members shall,

through consultations between the Chinese party and the foreign party, be decided with reference to the proportion of the investments or cooperation conditions contributed by each party.

Article 26

120
121 Directors of the board of directors or members on the joint management committee shall be appointed or replaced by all parties themselves. The selection of chairman and vice chairmen of the board of directors or director and, deputy directors of the joint management committee shall be provided for in the articles of association of the cooperative joint venture. Where the position of chairman of the board of directors or director of the joint management committee is assumed by a nominee of the Chinese party or the foreign party, the position/positions of vice chairman/chairmen or deputy director/directors shall be assumed by a nominee of the other party.

Article 27

122
123 The tenure of directors and members on the joint management committee shall be decided by articles of association of the cooperative joint venture, with each tenure no longer than three years. Upon expiration of each tenure, directors and members may renew their tenure if reappointed* by the appointing party.

Article 28

124
125 Directors of the board or members on the joint management committee shall meet at least once a year, with the meeting convened and presided over by the chairman of the board or director of the committee. Where the chairman of the board or the director of the

committee is unable to perform his/her duties out of special reasons, he/she may appoint a vice chairman of the board, deputy director of the committee, other directors or members to convene and preside over such meetings. Meetings of the board or committee may be convened on proposals made by more than one third of the total number of directors or members. Meetings of the board or committee can only be convened with the presence of more than two thirds of directors or members. Directors or members unable to participate in such meetings shall entrust, in written form, others to participate in such meetings and lodge votes on their behalf. Decisions made at the board or the committee meetings shall be adopted with the consents of more than half of the directors or members. Directors or members who neither participate in the said meetings nor entrust others to participate in the said meetings on their behalf without any reasonable excuse shall be regarded as having participated in the meetings of the board or the committee and having lodged abstention votes.

126 All directors or members shall be notified of the board or the committee meetings 10 days prior to their convocation.

127 Decisions may also be made by the board or the committee through correspondence.

128 **Article 29**

129 Decisions concerning the following items can only be adopted with the unanimous consent of all the directors or members participating in the meetings of the board or the committee:

130 (1) Amendment to the articles of association of the cooperative joint venture;

131 (2) Increase or reduction of the registered capital of the cooperative joint venture;

(3) Dissolution of the cooperative joint venture; 132

(4) Mortgage of the assets of the cooperative joint venture; 133

(5) Merge and split of the cooperative joint venture and change in the form of the organization; 134

(6) Other matters which may only be decided with unanimous consent at the meetings of the board or the committee as previously agreed upon by parties to the joint venture. 135

Article 30 136

137 Decision-making process and voting procedures of the board of directors and the joint management committee, other than those being stipulated in these Detailed Rules, shall be provided for in the articles of association of the cooperative joint venture.

Article 31 138

139 The chairman of the board or the director of the committee is the legal person of the cooperative joint venture. Where the chairman of the board or the director of the committee is unable to perform his duty out of special reasons, vice chairman of the board, deputy director of the committee, other directors or members shall be authorized to represent the cooperative joint venture in its external relations.

Article 32 140

141 A cooperative joint venture shall have one general manager who will be responsible for the routine operation and management of the joint venture and accountable to the board of directors or the joint management committee.

142 The general manager of a cooperative joint venture shall be engaged or dismissed by the board of directors or the joint management committee.

143 **Article 33**

144 Posts of the general manager and other senior managers may be assumed by Chinese or foreign citizens.

145 Directors of members may assume concurrently the posts of the general manager or other senior managers of the cooperative joint venture, as engaged by the board of directors or the joint management committee.

146 **Article 34**

147 The general manager or other senior managers who are incompetent or found to have actions of malpractices* or serious negligence of duty may be dismissed as decided by the board of directors or the joint management committee, and those who cause losses to the cooperative joint venture shall be held responsible in accordance with relevant laws and regulations.

148 **Article 35**

149 Where a party other than the parties to a cooperative joint venture is entrusted with the business operation and management of the venture after its establishment, unanimous consent of the board of directors or the joint management committee shall be obtained and a contract of trusteeship for operation and management shall be entered into with the trustee.

150 The cooperative joint venture shall submit documents such as the

resolution of the board of directors or the joint management committee, the contract of trusteeship that has been signed and the financial credit documents of the trustee, etc. to the examination and approval authority for approval. The examination and approval authority shall thereupon decide to approve or disapprove within 30 days upon receipt of the said documents.

Chapter VI - Purchase of Materials and Marketing of Products

151

Article 36

152

The cooperative joint venture shall work out production and operation plans on its own, based on the approved business scope and scale of production and operation.

153

Governmental organizations shall not force cooperative joint venture to carry out production and operation plans formulated by governmental organizations.

154

Article 37

155

a cooperative joint venture may decide, on its own, to purchase either within the territory of China or from foreign countries machines and equipments,* raw materials, fuels, parts and components, accessories, transportation tools and office articles, etc. (hereinafter referred to as "materials").

156

Article 38

157

The State encourages cooperative joint ventures to sell their products on international markets. These ventures may directly sell

158

their products on international markets or entrust overseas distributors or Chinese Foreign trade companies to sell their products by proxy or on commission.

159 Prices of the products sold by the cooperative joint venture shall be decided by the venture itself according to law.

160 **Article 39**

161 Machines and equipments, parts and components as well as other materials imported by the foreign party as investment in kind and machines and equipments, parts and components and other materials needed in production and operation, which are imported by the cooperative joint venture with funds of the total investment are exempt from import tariffs and turnover tax in the import links. When the above-mentioned imported materials which are exempt from tariffs and tax are resold within the territory of China or put into domestic commercial channel upon approval, tariffs and tax or overdue tariffs or tax shall be paid in accordance with relevant laws and regulations.

162 **Article 40**

163 A cooperative joint venture shall not export products at prices ostensibly lower than reasonable prices of products of the like on international markets or import materials at prices higher than those of products of the like on the international markets.

164 **Article 41**

165 Products of a cooperative joint venture shall be sold in compliance with the provisions of the approved contract of the venture.

Article 42

The cooperative joint venture shall apply, in accordance with relevant State regulations, for import or export licenses and quotas for products subject to licensing and quota administration which they intend to import or export.

Chapter VII - Distribution of Income and Recovery of Investment

Article 43

Chinese and Foreign parties to a cooperative joint venture may distribute income through profit-sharing or other forms as agreed upon by both parties.

Tax payable shall be calculated according to relevant provisions of the tax law when product-sharing or other forms are adopted in income distribution.

Article 44

On the expiration of the cooperation as defined in the contracts of the cooperative joint ventures by Chinese and foreign parties, all the fixed assets of the ventures shall belong to the Chinese party on a gratuitous basis and the Foreign party may apply, within the term of the cooperation, for an early recovery of their investment in the following ways:

(1) On the basis of distribution according to the contribution of investment or cooperation conditions, agreement shall be reached in the contract of the cooperative joint venture to increase the proportion of profit sharing to the Foreign party;

(2) Upon examination and approval by the finance and taxation

authorities according to State provisions on taxation, the Foreign party may first recover its investment before income tax payment is made by the cooperative joint venture;

176 (3) Other means of investment recovery approved by the finance and taxation authorities as well as the examination and approval authority. For a cooperative joint venture that allows the Foreign party to first recover the investment, as defined in the preceding paragraph, the Chinese and Foreign parties shall share the liabilities of the cooperative joint venture in light of relevant legal provisions and agreements in the joint venture contract.

177 **Article 45**

178 When the foreign party of the venture applies for an early recovery of investment according to Article 44 (1) and (2), the party shall specifically explain the amount of the investment and the time and ways it would like to first recover such investment. Upon approval by the finance and taxation authorities after examination, such application shall be submitted to the examination and approval authority for final review and approval.

179 The Foreign party shall not be allowed to recover its investment unless the losses of the cooperative joint venture is recovered.

180 **Article 46**

181 A cooperative joint venture shall entrust, according to relevant State provisions, accountants registered in China to check and verify the account-books. Parties to the cooperative joint venture may either jointly or separately entrust accountants registered in China to check the account-books, and costs incurred therefrom shall be born by the party (or parties) that entrust the accountants.

Chapter VIII - Duration and Dissolution

182

Article 47

183

The duration of a cooperative joint venture shall be decided upon by all parties to the joint venture through consultation and shall be stipulated in the joint venture contract.

184

If extension of the term of cooperation is agreed upon by all parties upon expiration of the duration of the cooperative joint venture, an application shall be submitted 180 days before the expiration to the examination and approval authority, with due explanations on the execution of the contract establishing the cooperative joint venture, reason for the extension, and agreement on rights and obligations and other matters of each party in the extended period. The examination and approval authority shall decide to approve or disapprove within 30 days upon receipt of the extension application.

185

Upon approval of the extension of duration, the cooperative joint venture shall go through formalities for the alteration of registration with the administrative authority for industry and commerce, and the extended duration shall start from the first day after the expiration of the original term of cooperation.

186

The duration for a cooperative joint venture shall not be extended if the joint venture contract has allowed the Foreign party to first recover its investment and such investment has been fully recovered. However, when the Foreign party of a cooperative joint venture agrees to increase the investment and when all parties reach consensus after consultation, an application for extension of the term of cooperation may be filed with the examination and approval authority in light of paragraph II of this Article.

187

Article 48

189 A cooperative joint venture shall be dissolved in one of the following situations:

190 (1) Termination of duration;

191 (2) Inability to continue operations due to have financial losses of the cooperative joint venture or heavy losses caused by force majeure;*

192 (3) Inability to continue operations due to the failure of one or several parties to fulfill the obligations as stipulated in the contract and articles of association;

193 (4) Occurrence of other reasons for dissolution stipulated in the contract and articles of association;

194 (5) Revocation made by authorities according to law due to violation of laws and administrative regulations. In cases described in (2) and (4) of this Article, the board of directors or joint management committee of a cooperative joint venture shall make the decision and submit it to the examination and approval authority for approval. In case of (3) of this Article, the party or parties failing to fulfill obligations as stipulated in the contract and articles of association shall be held liable to losses thus occurred to party or parties fulfilling the stipulated obligations. The party or parties that have fulfilled their obligations have the rights to apply to examination and approval authority for the dissolution of the cooperative joint venture.

195 **Article 49**

196 The liquidation procedures of a cooperative joint venture shall be handled according to relevant Chinese laws, administrative regu-

188 lations and stipulations in the joint venture contract and articles of association.

Chapter IX - Special Provisions on Cooperative Joint Ventures without Legal Person Status

Article 50

A cooperative joint venture without legal person status and all parties to the venture shall be held responsible for civil liabilities according to relevant provisions in Chinese civil laws.

Article 51

A cooperative joint venture without legal person status shall register the investment made or cooperation conditions provided by each party at the administrative authority for industry and commerce.

Article 52

The investment made or cooperation conditions provided by each party to a cooperative joint venture without legal person status shall belong to the contributing party. Depending on agreements reached by all parties, such investment or cooperation conditions may be jointly owned by all parties, or partly owned by each contributing party and partly owned by all parties. Assets accumulated from operations of the cooperative joint venture shall belong to all parties.

Investment made or cooperation conditions provided by parties to a cooperative joint venture without legal person status shall be subject to unified management and utilization by the cooperative ven-

ture. No party shall take the liberty to take actions on such matters without the consent from other parties.

exchange, taxation, labor management and trade union etc. concerning a cooperative joint venture.

205 **Article 53**

Article 57

215

206 A cooperative joint venture without legal person status shall establish a joint management committee which shall consist of representatives of all parties to the cooperative joint venture and shall manage the cooperative joint venture on behalf of all parties.

Where a cooperative joint venture is established by a company, enterprise, other economic organization or individuals in Hong Kong, Macao and Taiwan region and Chinese citizens inhabited abroad, it shall be handled with reference to these Detailed Rules.

216

207 The joint management committee shall decide on all major issues concerning the cooperative joint venture.

Article 58

217

208 **Article 54**

These Detailed Rules shall enter into force as of the date of promulgation.

218

209 A cooperative joint venture without legal person status shall establish unified account books on the location of the joint venture, and each party to the joint venture shall establish its own account books.

210 **Chapter X - Supplementary Provisions**

211 **Article 55**

212 Chinese laws shall be applied in the conclusion, effectiveness, interpretation, execution of the contract and settlement of disputes of a cooperative joint venture.

213 **Article 56**

214 Provisions in other relevant laws and administrative regulations shall apply to matters other than those provided for in the Detailed Rules, including financial affairs, accounting and auditing, foreign

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