

# **China - Provisions on the Establishment of Foreign-Funded Construction Enterprises, 1995**

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**Provisions on the Establishment of Foreign-Funded Construction Enterprises**  
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1 **Provisions on the Establishment of Foreign-Funded  
Construction Enterprises  
(Promulgated by the Ministry of Construction and  
the Ministry of Foreign Trade and Economic  
Cooperation on September 18, 1995)**

2 **Article 1**

3 These Provisions are hereby formulated with a view to meet-  
ing the needs of opening up, strengthening the management of  
foreign-funded construction enterprises, and safeguarding the  
order of the construction market.

4 **Article 2**

5 The term 'foreign-funded construction enterprises' used in  
these Provisions refers to Sino-foreign joint ventures and  
cooperative enterprises engaging in newly constructing,  
expanding or rebuilding civil engineering projects, routes,  
pipelines and equipment installation projects, and house  
decoration and fitting projects. Establishment of wholly-owned  
foreign construction enterprises is not permitted for the time  
being.

6 **Article 3**

7 Foreign-funded construction enterprises shall be established  
according to the 'Law of the People's Republic of China On  
Sino-foreign Joint Ventures', the 'Law of the People's Repub-  
lic of China on Sino-Foreign Cooperative enterprises' and the  
'Regulation on the Control of the Qualifications of Construc-  
tion Enterprises' and other related laws, decrees and regula-  
tions.

**Article 4**

8  
9 The project proposals and feasibility studies for establishing  
foreign-funded construction enterprises shall be examined and  
approved by the administrative departments in charge of con-  
struction. The scope for contracting projects by foreign-funded  
enterprises shall be verified and determined according to the  
'Regulations on the Control of the Qualifications of Construc-  
tion Enterprises' and the 'Standards for the Qualifications of  
Construction Enterprises' issued by the Ministry of Construc-  
tion. The contracts and articles of association for establishing  
foreign-funded construction enterprises shall be examined and  
approved by the department in charge under the Ministry of For-  
eign Trade and Economic Cooperation.

**Article 5**

10  
11 The examination and approval of the establishment of foreign-  
funded construction enterprises shall be carried out at different  
levels. Applications for establishing first-grade foreign-funded  
construction enterprises shall be examined and determined by  
the Ministry of Construction and approved by the Ministry of  
Foreign Trade and Economic Cooperation; applications for es-  
tablishing second-grade and lower grade foreign-funded con-  
struction enterprises shall be examined and determined by the  
administrative department in charge at the provincial level and  
approved by the provincial foreign trade and economic cooper-  
ation departments.

12 If the Chinese partners are enterprises directly affiliated to State  
Council departments, the applications shall be examined by the  
Ministry of Construction and approved by the Ministry of Foreign  
Trade and Economic Cooperation.

## Article 6

14 A foreign-funded enterprise shall be established according to the following procedures:

15 (1) The Chinese partner shall submit for examination to administrative department in charge the project proposal and feasibility study report and related documents of the proposed foreign-funded construction enterprises. If all the requirements are met, a 'Recommendation for the Examination of Foreign-Funded Construction Enterprises' shall be issued.

16 (2) The Chinese partner shall, on the strength of the 'Recommendation for the Examination of foreign-funded construction enterprises', submit the contract and articles of association and related documents for establishing foreign-funded construction enterprise for examination and approval by the department in charge under the Ministry of foreign trade and Economic Cooperation. If all the requirements are met, a 'Certificate of Approval for the Establishment of Foreign-Founded Enterprises' shall be issued.

17 (3) The Chinese partner shall go through the legal person registration procedures with the administrative department for industry and commerce upon the strength of the 'Recommendation for the Examination of Foreign-Funded Construction Enterprises', the 'Certificate of Approval for the Establishment of Foreign-Funded Enterprises' and other related documents.

18 (4) After obtaining the license of a corporate person, the foreign-funded construction enterprise shall go through the qualification examination and approval procedures with the administrative department in charge of construction.

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## Article 7

Apart from meeting the legal requirements, the establishment of a foreign-funded construction enterprise shall meet the following conditions: 20

(1) The Chinese partner to a foreign-funded construction enterprise shall be a construction enterprise with at least the second-grade qualification certificate; the foreign partner shall be a construction enterprise with the status of a legal person that has a high level of technology and management and a good reputation. 21

(2) The applicant foreign-funded construction enterprise can import or adopt advanced international technology and equipment for construction and can train Chinese personnel in engineering and management. 22

(3) The registered capital shall meet the following requirements: 23

The registered capital shall not be lower than US\$ 10 million for first-grade construction engineering enterprises, US\$ 5 million for second-grade construction engineering enterprises and US \$ 1.6 million for third-grade construction engineering enterprises. 24

The registered capital shall not be less than US\$2 million for first-grade construction decoration and fitting enterprises; US\$1.5 million for second-grade decoration and fitting enterprises, and US\$600,000 for third-grade decoration and fittings enterprises. 25

## Article 8

In applying for a foreign-funded construction enterprise, the 26

Chinese partner shall submit the following documents to administrative department in charge of construction according to the procedures prescribed in Article 5 of these Provisions:

- (1) Report of application for the establishment of foreign-funded construction enterprises;
- (2) Qualification certificates of the Chinese partner;
- (3) Document of examination by departments in charge of the Chinese partner (except those that do not have senior administrative organs);
- (4) Project proposals for establishing foreign-funded construction enterprises;
- (5) Feasibility study reports jointly compiled by all partners to a joint venture;
- (6) Certificates of all partners for the registration with administrations for industry and commerce;
- (7) Credit rating certificates of all partners; and
- (8) Other documents.

### Article 9

In applying for the establishment of foreign-funded construction enterprises, it is required to submit the following documents to the department in charge under the Ministry of Foreign Trade and Economic Cooperation according to the procedures prescribed in Article 5 of these Provisions:

- (1) The 'Recommendation for the Examination of Foreign-Funded Construction Enterprises';
- (2) Contracts and articles of association of the foreign-funded construction enterprises to be established;
- (3) Project proposals and feasibility study reports;

- (4) Registration certificates of all partners issued by administrations for industry and commerce;
- (5) Credit rating certificates of all partners;
- (6) Certificates for the approval of names issued by administrations for industry and commerce; and
- (7) The list of the board of directors and the appointments of directors of all sides of the joint venture.

### Article 10

These Provisions are applicable to the establishment of construction enterprises on the Chinese mainland with funding from Taiwan, Hong Kong and Macao investors.

### Article 11

These Provisions shall come into force as of the date of promulgation.

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