
Interim Provisions of the State Administration for Industry and Commerce Concerning the Proportion of Registered Capital and Total Amount of Investment

Article 1 According to the Law of the People's Republic of China on Chinese-foreign Equity Joint Ventures and Rules for the Implementation of the Law of the People's Republic of China on Chinese-foreign Equity Joint Ventures, the provisions are formulated in order to clarify the proportion of registered capital and total amount of investment of Chinese-foreign equity joint ventures.

Article 2 The registered capital of a Chinese-foreign equity joint venture shall adapt to its scale and scope of production and operation. The parties of the joint venture shall share the profit, risks and losses in accordance with their proportion of the registered capital.

Article 3 The proportion of registered capital and total amount of investment of Chinese-foreign equity joint ventures shall abide by the following provisions:

1. Where the total amount of investment of the Chinese-foreign equity joint venture is less than 3,000,000 U.S. dollars (including 3,000,000 U.S. dollars), the registered capital shall account for seven tenth of the total amount of investment at least.
2. Where the total amount of investment of the Chinese-foreign equity joint venture is between over 3,000,000 U.S. dollars to 10,000,000 U.S. dollars (including 10,000,000 U.S. dollars), the registered capital shall account for half of the total amount of investment at least. Where the total amount of investment is less than 4,200,000 U.S. dollars, the registered capital shall be not less than 2,100,000 U.S. dollars.
3. Where the total amount of investment of the Chinese-foreign equity joint venture is between over 10,000,000 U.S. dollars to 30,000,000 U.S. dollars (including 30,000,000 U.S. dollars), the registered capital shall account for two fifths of the total amount of investment at least. If the total amount of investment is less than 12,500,000 U.S. dollars, the registered capital shall be not less than 5,000,000 U.S. dollars.
4. Where the total amount of investment of the Chinese-foreign equity joint venture is over 30,000,000 U.S. dollars, the registered capital shall account for one third of the total amount of investment at least. If the total amount of investment is less than 36,000,000 U.S. dollars, the registered capital shall be not less than 12,000,000 U.S. dollars.

Article 4 Where Chinese-foreign equity joint ventures encounter special circumstances so as not able to execute the provisions stated above, they shall get the joint approval of the Ministry of Foreign Trade and Economic Cooperation and the State Administration for Industry and

Commerce.

Article 5 Where Chinese-foreign equity joint ventures increase the investment, the proportion of the additional registered capital and the increased amount of investment shall be in accordance with these provisions.

Article 6 The proportion of registered capital and total amount of investment of Chinese-foreign contractual joint ventures and foreign invested enterprises shall be executed with reference to these provisions.

Article 7 These provisions apply to the proportion of registered capital and total amount of investment of the enterprises that are invested and established by companies and enterprises of Hong Kong, Macao and Taiwan and other economic organizations or individuals.

Article 8 These provisions shall enter into force as of the date of promulgation.

Promulgated by The State Administration for Industry and Commerce on 1987-2-17

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