Provisions on Foreign-Invested Cinema Enterprises of the People’s Republic of China

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Chapter I — General Provisions

Article 1 — These Provisions are formulated in accordance with the laws and administrative regulations on foreign investment and the Regulations on the Administration of Cinemas, for the purposes of regulating the establishment and operation of foreign-invested cinema enterprises, promoting the healthy development of the film market, and meeting the cultural consumption needs of the people.

Article 2 — For the purposes of these Provisions, “foreign-invested cinema enterprises” means Sino-foreign equity joint ventures, Sino-foreign contractual joint ventures and wholly foreign-owned cinema enterprises established within the territory of China by foreign investors, independently or jointly with Chinese investors, and engaged in film screening business.

Article 3 — Foreign-invested cinema enterprises shall engage in film screening business in accordance with laws and regulations and under the premise of adhering to the correct orientation of public opinion, and shall not screen films that have not been examined and approved by the film examination authority of the State Council.

Article 4 — Foreign-invested cinema enterprises shall comply with the laws and regulations of the People’s Republic of China and shall accept the supervision and administration of the competent film authorities and other relevant authorities.

Article 5 — The competent film authority of the State Council shall, in accordance with its duties, be responsible for the examination, approval and administration of foreign-invested cinema enterprises. The

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provincial-level competent film authorities shall, in accordance with their duties, be responsible for the preliminary examination and routine supervision and administration of foreign-invested cinema enterprises within their respective administrative regions.

Chapter II — Establishment Conditions

Article 6 — To establish a foreign-invested cinema enterprise, the Chinese party of the Sino-foreign joint venture or cooperative joint venture shall meet the following conditions:

(1) Being a company or enterprise lawfully established within the territory of China;

(2) Having a business license that includes film screening or related business; and

(3) Having not less than 51 percent of the registered capital in the case of a Sino-foreign joint venture or cooperative cinema enterprise. In cities where pilot projects are implemented, the proportion of foreign investment may not exceed 75 percent.

Article 7 — To establish a foreign-invested cinema enterprise, the foreign investor shall meet the following conditions:

(1) Being a company or enterprise lawfully established outside the territory of China;

(2) Having good business reputation and actual operating performance; and

(3) Having the capital and other conditions commensurate with the scale of the cinema enterprise to be established.

Article 8 — A foreign-invested cinema enterprise shall meet the following operational conditions:

(1) Having a cinema venue that complies with the technical standards and safety requirements prescribed by the State;

(2) Having projection equipment and facilities that comply with the standards prescribed by the State;

(3) Having a cinema manager and technical personnel who meet the qualification requirements;

(4) Having a sound management system; and

(5) Having a registered capital and operating funds commensurate with the business scale.

Article 9 — A foreign-invested cinema enterprise shall screen films through the film projection units that it lawfully holds or through contractual arrangements with legally established cinema circuit companies.

Chapter III — Approval and Registration Procedures

Article 10 — An applicant establishing a foreign-invested cinema enterprise shall submit the application to the competent film authority of the State Council. The application materials shall include:

(1) A written application;

(2) The contract and articles of association of the enterprise;

(3) The project proposal and feasibility study report;

(4) The credit certificate and business registration certificate of the foreign investor;

(5) The business license or other supporting documents of the Chinese investor; and

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

Article 11 — The competent film authority of the State Council shall, within 60 days of receiving all the application materials, make a decision on whether to approve the application. Upon approval, a film screening business permit shall be issued.

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Article 12 — After obtaining the film screening business permit, the applicant shall complete the approval formalities for the foreign-invested enterprise with the Ministry of Commerce or its authorized authority in accordance with the relevant provisions on foreign investment. Upon approval, an approval certificate for the foreign-invested enterprise shall be issued.

Article 13 — Upon obtaining the approval certificate for the foreign-invested enterprise, the enterprise shall complete the registration formalities with the administrative authority for industry and commerce within the prescribed time limit. Upon obtaining the business license, the enterprise may commence its film screening business.

Article 14 — Where a foreign-invested cinema enterprise undergoes any change in its registered particulars, such as a change in name, address, legal representative, or scope of business, it shall undergo the formalities for approval or filing with the relevant examination and approval authorities and complete the change registration in accordance with the law.

Chapter IV — Operation and Administration

Article 15 — A foreign-invested cinema enterprise shall prominently display its film screening business permit and business license at its business premises.

Article 16 — A foreign-invested cinema enterprise shall not screen films that have not been examined and approved by the film examination authority of the State Council. It shall not forge, alter, lease, lend, sell or illegally transfer its film screening business permit.

Article 17 — A foreign-invested cinema enterprise shall maintain its projection equipment in good condition, ensure the safety of the cinema premises and projection equipment, and guarantee the quality of the film screening.

Article 18 — A foreign-invested cinema enterprise shall, in accordance with the provisions of the State, submit statistical data and business information relating to its film screening business to the competent film authorities.

Article 19 — A foreign-invested cinema enterprise shall not screen films for which the screening rights have not been legally obtained.

Article 20 — A foreign-invested cinema enterprise shall comply with the provisions of the State on advertising administration, ticket price administration, and taxation.

Chapter V — Supplementary Provisions

Article 21 — These Provisions shall apply, by reference, to investors from the Hong Kong Special Administrative Region, the Macao Special Administrative Region and the Taiwan region establishing cinema enterprises within the mainland territory. Where the Mainland and Hong Kong or Macao Closer Economic Partnership Arrangement (CEPA) provides more preferential treatment, the CEPA provisions shall apply.

Article 22 — Where these Provisions are silent, the relevant laws, administrative regulations and rules shall apply. Where these Provisions are inconsistent with the previous provisions of the State Council and its relevant departments, these Provisions shall prevail.

Article 23 — The competent film authority of the State Council, the Ministry of Commerce and the Ministry of Culture shall be responsible for the interpretation of these Provisions.

Article 24 — Foreign-invested cinema enterprises established before the effective date of these Provisions shall, within the prescribed time, complete the supplementary approval formalities in accordance with these Provisions.

Article 25 — These Provisions shall take effect on January 1, 2004.

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