

Provisions on Foreign Investment in the Cultural Sector of the PRC

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Unofficial English translation prepared for reference only. The official Chinese text prevails.

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Promulgated by the Ministry of Commerce, the Ministry of Culture, the State Administration of Radio, Film and Television, the General Administration of Press and Publication, and the National Development and Reform Commission on July 6, 2005; amended in accordance with the Decision of the Ministry of Commerce on Repealing and Amending Certain Regulations and Normative Documents adopted on August 18, 2015
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Chapter I — General Provisions

Article 1 — These Provisions are formulated in accordance with the relevant laws and regulations of the People's Republic of China for the purposes of further expanding opening-up in the cultural sector, regulating the examination and approval of foreign investment in the cultural sector, and promoting the healthy development of the cultural market.

Article 2 — These Provisions shall apply to the establishment, alteration, and termination of foreign-invested cultural enterprises within the territory of the People's Republic of China by foreign investors.

For the purposes of these Provisions, “cultural sector” means the fields of performance, entertainment, artistic exhibitions, film and television production and distribution, audio-visual products, publications, works of fine art, cultural relic auctions, and cultural exhibitions.

Article 3 — Foreign-invested cultural enterprises shall comply with Chinese laws and regulations and shall not engage in any activities prohibited by Chinese laws and regulations, and shall not prejudice the interests

of the state and the public.

Article 4 — The Ministry of Commerce shall be responsible for the examination and approval of foreign investment in the cultural sector. The competent cultural authorities under the State Council shall be responsible for the preliminary examination from the cultural sector perspective of foreign investment in the cultural sector.

Chapter II — Conditions and Requirements

Article 5 — A foreign investor that intends to establish a foreign-invested performance agency or performance venue business entity shall meet the following conditions:

- (1) The foreign investor shall be a foreign enterprise, organization, or individual that has a good reputation and has not violated the relevant laws and regulations of China;
- (2) The main investor shall have at least three years of experience in the operation of the cultural sector in its home country or region;
- (3) The foreign investor shall have the financial strength commensurate with its business operations;
- (4) The legal representative and principal management personnel shall meet the qualification requirements prescribed by the state; and
- (5) Other conditions as provided for by the relevant laws and regulations.

Article 6 — A foreign investor that intends to establish a foreign-invested entertainment venue business entity shall meet the following conditions:

- (1) Adopting the form of a Sino-foreign equity joint venture or Sino-foreign contractual joint venture;
- (2) The Chinese party shall be the controlling shareholder or shall be in a dominant position; and
- (3) Other conditions as provided for by the relevant laws and regulations.

Article 7 — A foreign investor that intends to establish a foreign-invested film production enterprise shall adopt the form of a Sino-foreign equity joint venture or Sino-foreign contractual joint venture, and the Chinese party shall be the controlling shareholder or shall be in a dominant position.

Article 8 — A foreign investor that intends to establish a foreign-invested artistic exhibition business entity shall meet the following conditions:

- (1) Having the appropriate funds and professionals;
- (2) Having an exhibition plan that complies with the relevant provisions of the state; and
- (3) Other conditions as provided for by the relevant laws and regulations.

Article 9 — A foreign investor that intends to establish a foreign-invested cultural relic auction enterprise shall adopt the form of a Sino-foreign equity joint venture or Sino-foreign contractual joint venture, and the Chinese party shall hold not less than 51% of the shares or equity. The foreign investor shall have experience in the auction of cultural relics in its home country or region.

Article 10 — A foreign investor that intends to establish a foreign-invested publication distribution enterprise shall meet the conditions prescribed by the state for the administration of the publication market, and the specific requirements for foreign investment shall be subject to the provisions of the state.

Article 11 — A foreign investor that intends to establish a foreign-invested audio-visual product distribution enterprise shall meet the conditions prescribed by the state for the administration of the audio-visual products market, and the Chinese party shall be the controlling shareholder or shall be in a dominant position.

Chapter III — Approval Procedures

Article 12 — An applicant that intends to establish a foreign-invested cultural enterprise shall first submit an application to the competent cultural authority, which shall conduct a preliminary examination and issue a preliminary examination opinion within the prescribed time limit.

Article 13 — After obtaining the preliminary examination opinion from the competent cultural authority, the applicant shall submit the application materials together with the preliminary examination opinion to the Ministry of Commerce or its authorized local commerce authority for examination and approval.

Article 14 — The following application materials shall be submitted:

- (1) An application letter;
- (2) The project proposal and feasibility study report;
- (3) The contract and articles of association;
- (4) The creditworthiness certification of the foreign investor;
- (5) The registration certificate and the legal representative identification of the foreign investor;
- (6) The preliminary examination opinion of the competent cultural authority; and
- (7) Other documents required by the approval authority.

Article 15 — The approval authority shall, within 90 days from the date of receipt of the complete application materials, decide whether to approve or disapprove the application. Where the application is approved, a certificate of approval for a foreign-invested enterprise shall be issued. Where the application is disapproved, the reasons shall be given in writing.

Article 16 — After receiving the certificate of approval, the applicant shall undergo the registration procedures with the administrative department for industry and commerce within the prescribed time limit and obtain a business license.

Chapter IV — Supervision and Administration

Article 17 — Foreign-invested cultural enterprises shall conduct business operations in accordance with the scope of business approved in their certificates of approval and business licenses, and shall not expand their business scope without authorization.

Article 18 — Any alteration of the investor, equity ratio, business scope, business term, or other material matters of a foreign-invested cultural enterprise shall be subject to the approval of the original approval authority.

Article 19 — Foreign-invested cultural enterprises shall submit annual reports to the commerce authority and the cultural authority in accordance with the relevant provisions, reflecting their business operations and compliance with laws and regulations.

Article 20 — The commerce authority and the cultural authority shall strengthen the supervision and inspection of foreign-invested cultural enterprises. Where any violation of laws or regulations is discovered, the enterprise shall be ordered to make corrections and, depending on the seriousness of the circumstances, may be subject to administrative penalties in accordance with the law.

Chapter V — Supplementary Provisions

Article 21 — The establishment of foreign-invested cultural enterprises by investors from Hong Kong Special Administrative Region, Macao Special Administrative Region, and Taiwan shall be governed by these Provisions, unless otherwise provided for in the relevant separate regulations of the state.

Article 22 — The Ministry of Commerce and the competent cultural authorities under the State Council shall be responsible for the interpretation of these Provisions.

Article 23 — These Provisions shall enter into force on August 5, 2005.

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