

Provisions on the Administration of Foreign-Funded Construction and Engineering Design Enterprises of the PRC

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

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Chapter I — General Provisions

Article 1 — These Provisions are formulated in accordance with the relevant laws and regulations on foreign investment and the administration of the construction industry for the purposes of further opening up the construction engineering design market, regulating the establishment of foreign-funded construction engineering design enterprises, and promoting the development of the construction industry.

Article 2 — These Provisions shall apply to the establishment of Sino-foreign equity joint venture, Sino-foreign contractual joint venture, and wholly foreign-owned construction engineering design enterprises (hereinafter collectively referred to as “foreign-funded construction engineering design enterprises”) within the territory of the People's Republic of China.

Article 3 — Foreign-funded construction engineering design enterprises shall comply with the laws and regulations of the People's Republic of China and the technical standards and specifications for construction

projects formulated by the state.

Chapter II — Conditions for Establishment

Article 4 — A foreign investor that intends to establish a foreign-funded construction engineering design enterprise shall meet the following conditions:

- (1) The foreign investor shall be an enterprise or other economic organization that is legally established in its home country or region and has a good reputation;
- (2) The foreign investor shall have obtained the construction engineering design qualification or registration in its home country or region and have a sound track record of design performance;
- (3) Having the financial strength and technical capability commensurate with its business operations;
- (4) Having professionals with the appropriate practicing qualifications and technical expertise; and
- (5) Other conditions as provided for by the relevant laws and regulations.

Article 5 — The registered capital of a foreign-funded construction engineering design enterprise shall be commensurate with the qualification grade of the construction engineering design enterprise and the scope of its business operations.

Article 6 — A foreign-funded construction engineering design enterprise established in the form of a Sino-foreign equity joint venture or Sino-foreign contractual joint venture shall ensure that the Chinese party holds not less than 25% of the registered capital.

Chapter III — Examination and Approval

Article 7 — An applicant for the establishment of a foreign-funded construction engineering design enterprise shall submit the application documents to the commerce authority, and the commerce authority shall solicit the opinion of the construction authority and complete the examination and approval within the prescribed time limit.

Article 8 — After obtaining the certificate of approval, the applicant shall apply to the construction authority for the construction engineering design qualification certificate. The construction authority shall review the application and issue the construction engineering design qualification certificate to the qualified applicant.

Chapter IV — Business Scope and Operations

Article 9 — The business scope of a foreign-funded construction engineering design enterprise shall be consistent with its qualification grade and shall not exceed the approved scope.

Article 10 — A foreign-funded construction engineering design enterprise shall undertake the design of construction projects in accordance with the technical standards and specifications for construction projects formulated by the state, and shall be responsible for the quality of the designs.

Chapter V — Supervision and Administration

Article 11 — The construction authority shall, in accordance with the law, supervise and administer the business operations and design quality of foreign-funded construction engineering design enterprises.

Article 12 — Where a foreign-funded construction engineering design enterprise commits any illegal act, the construction authority and the commerce authority shall, based on their respective duties, impose penalties in accordance with the law.

Chapter VI — Supplementary Provisions

Article 13 — The establishment of foreign-funded construction engineering design enterprises by investors from Hong Kong Special Administrative Region, Macao Special Administrative Region, and Taiwan shall be governed by these Provisions with reference made thereto.

Article 14 — The Ministry of Construction and the Ministry of Commerce shall be responsible for the interpretation of these Provisions.

Article 15 — These Provisions shall enter into force on December 1, 2002.

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