Provisions on the Administration of Foreign-Invested Books, Newspapers and Periodicals Distribution Enterprises of the PRC

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

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Jointly promulgated by the General Administration of Press and Publication and the Ministry of Commerce on March 17, 2003

Amended in accordance with the Decision on Amending the Provisions on the Administration of Foreign-Invested Books, Newspapers and Periodicals Distribution Enterprises on March 25, 2011

Effective: May 1, 2003

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Chapter I — General Provisions

Article 1 — These Provisions are formulated in accordance with the Law of the People's Republic of China on Sino-Foreign Equity Joint Ventures, the Law of the People's Republic of China on Sino-Foreign Cooperative Joint Ventures, the Law of the People's Republic of China on Wholly Foreign-Owned Enterprises, the Regulations on the Administration of Publications and other relevant laws and administrative regulations, for the purpose of expanding international exchanges and cooperation, strengthening the administration of foreign-invested books, newspapers and periodicals distribution enterprises, and promoting the healthy development of the domestic publishing and distribution industry.

Article 2 — These Provisions shall apply to the establishment of Sino-foreign equity joint venture, Sino-foreign cooperative joint venture and wholly foreign-owned books, newspapers and periodicals distribution enterprises within the territory of the People's Republic of China.

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Article 3 — The General Administration of Press and Publication and the Ministry of Commerce shall be jointly responsible for the examination and approval of the establishment of foreign-invested books, newspapers and periodicals distribution enterprises.

The administrative departments of press and publication under the local people's governments at or above the county level shall exercise supervision and administration over the business activities of foreign-invested books, newspapers and periodicals distribution enterprises within their respective administrative regions in accordance with the law.

Article 4 — For the purposes of these Provisions, "books, newspapers and periodicals" means books, newspapers and periodicals published by publishing units approved by the State and lawfully distributed.

Article 5 — The State shall implement a licensing system for the distribution of books, newspapers and periodicals. No entity or individual may engage in the distribution business of books, newspapers and periodicals without permission.

Chapter II — Establishment Conditions

Article 6 — The establishment of a foreign-invested books, newspapers and periodicals distribution enterprise shall satisfy the following conditions:

(1) it shall comply with the national plan for the development of the publication distribution network;

(2) it shall have a definite name, business scope and organizational structure;

(3) it shall comply with the relevant State provisions on registered capital;

(4) it shall have a fixed business site and the necessary business facilities;

(5) it shall have the corresponding publication distribution professionals;

(6) it shall have sound financial management systems and operational management rules; and

(7) other conditions prescribed by laws and administrative regulations.

Article 7 — To establish a foreign-invested enterprise engaging in the wholesale of books, newspapers and periodicals, the registered capital shall be not less than RMB 30 million yuan and the business site shall have an area of not less than 500 square meters.

Article 8 — To establish a foreign-invested enterprise engaging in the retail of books, newspapers and periodicals, the registered capital shall be not less than RMB 5 million yuan and the business site shall have an area of not less than 200 square meters.

Article 9 — For the establishment of a Sino-foreign equity joint venture or Sino-foreign cooperative joint venture books, newspapers and periodicals distribution enterprise, the Chinese party shall hold a controlling interest of not less than 51%. However, this restriction shall not apply where the foreign party invests in a chain retail enterprise with three or more business sites.

Article 10 — No foreign-invested books, newspapers and periodicals distribution enterprise may engage in the general distribution business of publications unless otherwise provided for by the State.

Article 11 — The period of operation of a foreign-invested books, newspapers and periodicals distribution enterprise shall not exceed 30 years. Where an extension is granted upon expiration, an application shall be submitted to the original examination and approval authority for approval within 180 days before the expiration.

Chapter III — Application and Approval

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Article 12 — To establish a foreign-invested books, newspapers and periodicals distribution enterprise, the applicant shall submit the following documents to the administrative department of press and publication under the local people's government at the county level at the place where the enterprise is to be located:

(1) a written application, specifying the name, address, legal representative or principal responsible person, and business scope of the enterprise;

(2) the feasibility study report and the articles of association;

(3) the certificates of creditworthiness of the investors;

(4) the name list and identification certificates of the legal representative or principal responsible person;

(5) the certificates of title to or right to use the business site; and

(6) other documents as required by the examination and approval authority.

Article 13 — The administrative department of press and publication at the county level shall, within 15 working days from the date of receiving the application documents, submit the application documents together with its examination opinion to the administrative department of press and publication at the provincial level.

The administrative department of press and publication at the provincial level shall, within 15 working days from the date of receiving the application documents and the preliminary examination opinion, submit the application documents together with its examination opinion to the General Administration of Press and Publication for examination and approval.

The General Administration of Press and Publication shall, within 60 working days from the date of receiving the application documents, make a decision on whether to approve. If the application is approved, a License for the Distribution of Publications shall be issued; if the application is not approved, the reasons shall be stated and the applicant shall be notified.

Article 14 — After obtaining the License for the Distribution of Publications, the applicant shall, in accordance with the provisions, apply to the commerce department for the approval of the contract and articles of association and the issuance of the Certificate of Approval for Foreign-Invested Enterprise.

Article 15 — Within 30 days from the date of obtaining the License for the Distribution of Publications and the Certificate of Approval for Foreign-Invested Enterprise, the applicant shall complete the registration formalities with the administrative department for industry and commerce and obtain a business license in accordance with the law.

Article 16 — The applicant shall, within 60 days from the date of obtaining the business license, apply to the administrative department of press and publication for the issuance of a License for the Distribution of Publications by presenting the business license, and shall file a copy of the License for the Distribution of Publications with the commerce department.

Article 17 — A foreign-invested books, newspapers and periodicals distribution enterprise that intends to establish a branch shall submit an application to the original examination and approval authority for approval, and shall complete the registration formalities with the administrative department for industry and commerce at the place where the branch is to be located in accordance with the provisions.

Chapter IV — Administration and Supervision

Article 18 — A foreign-invested books, newspapers and periodicals distribution enterprise shall operate within the approved business scope and shall not distribute publications beyond its scope of business without authorization.

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Article 19 — A foreign-invested books, newspapers and periodicals distribution enterprise shall not distribute publications that contain content prohibited by the State from being distributed.

Article 20 — A foreign-invested books, newspapers and periodicals distribution enterprise shall not distribute illegally published publications, pirated publications, or publications imported through non-publishing units approved by the State.

Article 21 — A foreign-invested books, newspapers and periodicals distribution enterprise shall not engage in publishing activities; it may participate in distribution activities such as book club and mail order services with the approval of the administrative department of press and publication.

Article 22 — A foreign-invested books, newspapers and periodicals distribution enterprise shall have full-time professionals who are familiar with the publication distribution business to take charge of the procurement of publications, and shall verify the qualifications of the suppliers of publications.

Article 23 — A foreign-invested books, newspapers and periodicals distribution enterprise shall accept the supervision and inspection by the administrative department of press and publication, and shall truthfully provide the relevant documents and information.

Article 24 — The administrative department of press and publication shall establish an annual inspection system for foreign-invested books, newspapers and periodicals distribution enterprises. Such enterprises shall, in accordance with the provisions, submit annual reports and accept the annual inspection.

Article 25 — A foreign-invested books, newspapers and periodicals distribution enterprise shall, in accordance with the provisions of the State, submit statistical reports on the distribution of publications.

Chapter V — Supplementary Provisions

Article 26 — Where a foreign-invested books, newspapers and periodicals distribution enterprise commits any violation of laws, regulations or rules, it shall be dealt with by the administrative department of press and publication and other relevant departments in accordance with the law.

Article 27 — Foreign-invested books, newspapers and periodicals distribution enterprises that have already been established before the implementation of these Provisions shall complete the supplementary approval and registration formalities with the General Administration of Press and Publication and the commerce department in accordance with the provisions of these Provisions within 180 days from the date of implementation of these Provisions.

Article 28 — The establishment of foreign-invested books, newspapers and periodicals distribution enterprises by investors from Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan shall be governed by these Provisions with reference to the relevant provisions on foreign investment.

Article 29 — These Provisions shall be subject to interpretation by the General Administration of Press and Publication and the Ministry of Commerce.

Article 30 — These Provisions shall come into force as of May 1, 2003. The Interim Provisions on the Administration of Foreign-Invested Books, Newspapers and Periodicals Distribution Enterprises promulgated by the General Administration of Press and Publication and the Ministry of Foreign Trade and Economic Cooperation on March 11, 1999 shall be repealed simultaneously.

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