Regulations on the Administration of Foreign-Invested Telecommunications Enterprises

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Promulgated by the State Council on December 11, 2001, and revised in accordance with the Decision of the State Council on Revising the Regulations on the Administration of Foreign-Invested Telecommunications Enterprises on February 16, 2022

Effective: January 1, 2002 (as revised, effective May 1, 2022)

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Chapter I — General Provisions

Article 1 — These Regulations are formulated in accordance with the relevant laws and administrative regulations for the purposes of meeting the needs of the opening up of the telecommunications industry, promoting the development of the telecommunications industry, and regulating the administration of foreign-invested telecommunications enterprises.

Article 2 — For the purposes of these Regulations, foreign-invested telecommunications enterprises refer to enterprises that are established within the territory of China in accordance with the law by foreign investors and Chinese investors through joint ventures and that engage in telecommunications business. The business activities of foreign-invested telecommunications enterprises within the territory of China shall be governed by these Regulations.

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Article 3 — Foreign-invested telecommunications enterprises may engage in basic telecommunications services (excluding wireless paging services) and value-added telecommunications services. The specific business categories shall be determined in accordance with the Classification Catalogue of Telecommunications Services.

Article 4 — Foreign-invested telecommunications enterprises shall comply with the relevant laws, administrative regulations, and the provisions of these Regulations, shall not jeopardize national security or harm the public interest, and shall accept the supervision and administration of the telecommunications authority of the State Council and the relevant departments.

Chapter II — Establishment Conditions

Article 5 — The registered capital of a foreign-invested telecommunications enterprise shall comply with the following provisions:

Article 5.1 — For enterprises engaging in basic telecommunications services nationwide or across provinces, autonomous regions, and municipalities directly under the Central Government, the minimum registered capital shall be RMB 1 billion. For enterprises engaging in basic telecommunications services within a province, autonomous region, or municipality directly under the Central Government, the minimum registered capital shall be RMB 100 million;

Article 5.2 — For enterprises engaging in value-added telecommunications services nationwide or across provinces, autonomous regions, and municipalities directly under the Central Government, the minimum registered capital shall be RMB 10 million. For enterprises engaging in value-added telecommunications services within a province, autonomous region, or municipality directly under the Central Government, the minimum registered capital shall be RMB 1 million.

Article 6 — The proportion of capital contributed by the foreign investor in a foreign-invested telecommunications enterprise engaging in basic telecommunications services (excluding wireless paging services) shall not exceed 49 percent. The proportion of capital contributed by the foreign investor in a foreign-invested telecommunications enterprise engaging in value-added telecommunications services shall not exceed 50 percent. The Chinese investor and the foreign investor in a foreign-invested telecommunications enterprise shall have good performance and operational experience in the telecommunications business.

Article 7 — The major foreign investor in a foreign-invested telecommunications enterprise engaging in basic telecommunications services shall meet the following conditions:

Article 7.1 — Having the status of a legal person established in accordance with the law;

Article 7.2 — Having a registered capital and total assets appropriate to the business it engages in;

Article 7.3 — Having the corresponding telecommunications industry experience and good operational performance;

Article 7.4 — Having a good business reputation and no record of major violations of laws and regulations over the past three years.

Article 8 — The major foreign investor in a foreign-invested telecommunications enterprise engaging in value-added telecommunications services shall have good operational performance and experience in providing value-added telecommunications services.

Chapter III — Approval Procedures

Article 9 — To establish a foreign-invested telecommunications enterprise, the Chinese investor and the foreign investor shall submit the following documents to the telecommunications authority of the State

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Council:

Article 9.1 — An application for the establishment of a foreign-invested telecommunications enterprise;

Article 9.2 — A feasibility study report and a project proposal;

Article 9.3 — Certificates of the legal person status and business registration of the foreign and Chinese investors, and creditworthiness certificates for the foreign investor;

Article 9.4 — Other documents as required by the telecommunications authority of the State Council.

Article 10 — The telecommunications authority of the State Council shall complete the examination within 180 days from the date of receipt of the application and shall decide to approve or disapprove the application. If approved, a Telecommunications Business Operation Permit Examination Decision shall be issued. If disapproved, the applicant shall be notified in writing and the reasons shall be explained.

Article 11 — Where the main investor of the foreign-invested telecommunications enterprise is a foreign investor, the Chinese party shall, based on the Telecommunications Business Operation Permit Examination Decision, submit the contract and articles of association of the foreign-invested telecommunications enterprise to the commerce authority of the State Council for approval. The commerce authority of the State Council shall complete the examination within 90 days from the date of receipt of the documents and shall decide to approve or disapprove the application. If approved, a Certificate of Approval for a Foreign-Invested Enterprise shall be issued.

Article 12 — Where the main investor of the foreign-invested telecommunications enterprise is a Chinese investor, the foreign party shall, based on the Telecommunications Business Operation Permit Examination Decision, submit the contract and articles of association of the foreign-invested telecommunications enterprise to the commerce authority of the State Council for approval.

Article 13 — The applicant shall, based on the Certificate of Approval for a Foreign-Invested Enterprise, apply to the telecommunications authority of the State Council for a Telecommunications Business Operation Permit, and shall carry out enterprise registration formalities with the industry and commerce administrative authority based on the Certificate of Approval for a Foreign-Invested Enterprise and the Telecommunications Business Operation Permit.

Chapter IV — Operation and Management

Article 14 — Foreign-invested telecommunications enterprises shall operate their telecommunications business within the scope of the business approved in the Telecommunications Business Operation Permit, and shall not engage in telecommunications business beyond the approved scope.

Article 15 — Foreign-invested telecommunications enterprises shall comply with the Telecommunications Regulations of the People's Republic of China and other relevant laws and administrative regulations in their business activities, and shall protect the lawful rights and interests of telecommunications users.

Article 16 — Foreign-invested telecommunications enterprises shall establish network and information security management systems, implement relevant security protection technical measures, and ensure the safe operation of the network and information.

Article 17 — Foreign-invested telecommunications enterprises shall submit their operational and financial reports and other relevant materials to the telecommunications authority and the commerce authority of the State Council in accordance with the regulations.

Article 18 — Where a foreign-invested telecommunications enterprise needs to change the proportion of capital contributed by the investor, the business scope, or other major matters, it shall submit an application for approval in accordance with the procedures stipulated in these Regulations.

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Chapter V — Legal Liability

Article 19 — Where a foreign-invested telecommunications enterprise operates its business in violation of these Regulations, the telecommunications authority shall impose penalties in accordance with the relevant provisions of the Telecommunications Regulations and other relevant laws and administrative regulations.

Article 20 — Where a foreign-invested telecommunications enterprise engages in telecommunications business without obtaining a Telecommunications Business Operation Permit, the telecommunications authority shall order it to make corrections and impose penalties in accordance with the relevant provisions.

Article 21 — Where a foreign-invested telecommunications enterprise engages in telecommunications business beyond the approved scope or changes major matters without approval, the telecommunications authority shall order it to make corrections and may impose a fine. Where the circumstances are serious, the Telecommunications Business Operation Permit may be revoked.

Chapter VI — Supplementary Provisions

Article 22 — Matters concerning Hong Kong Special Administrative Region, Macao Special Administrative Region, and Taiwan investors investing in telecommunications enterprises in the mainland shall be handled with reference to the provisions of these Regulations.

Article 23 — The administration of foreign-invested telecommunications enterprises operating within pilot free trade zones shall be governed by the special provisions of the state on the opening up of telecommunications services in pilot free trade zones.

Article 24 — These Regulations shall take effect on January 1, 2002. The 2022 revision shall take effect on May 1, 2022.

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