

Measures for Foreign Entities or Individuals to Establish Partnership Enterprises in China*

Promulgated: November 25, 2009 by the State Council Order of 567

Effective as of March 1, 2010

Article 1 This Measure has been formulated in accordance with the Chinese Law on Partnership Enterprises (“**Partnership Enterprises Law**”) in order to standardize foreign entities or individuals establishing partnership enterprises in China, to facilitate the investment in China by foreign entities or individuals using the form of partnership enterprise, and to expand foreign economic cooperation and technology exchanges.

Article 2 For the purpose of this Measure, the establishment of partnership enterprises in China by foreign entities or individuals refers to 2 or more foreign entities or individuals establishing a partnership enterprise within China, as well as foreign entities or individuals establishing a partnership enterprise with Chinese natural persons, legal persons and other organizations within China.

Article 3 Foreign entities or individuals establishing partnership enterprises within China shall abide by the Partnership Enterprises Law and relevant laws, administrative regulations, and rule, as well as conform to relevant industrial policies concerning foreign investment.

The legal rights of foreign entities or individuals establishing partnership enterprises in China are fully protected.

The State encourages foreign entities or individuals with advanced technologies and management experience to establish partnership enterprises in China in order to promote the development of modern service sectors.

Article 4 Foreign entities or individuals may use for capital contribution freely convertible foreign currency or legally obtained Chinese Renminbi currency.

* This is an unofficial translation by the law firm of Nixon Peabody LLP.

Article 5 Foreign entities or individuals when establishing partnership enterprises in within China may file applications through representatives designated by all partners or agents jointly entrusted by all partners to the local administration of industry and commerce authorized by the State Council's department in charge of industry and commerce administration (hereinafter "Registration Authorities").

When applying for registration, documents prescribed in the Partnership Enterprise Law as well as declarations of conforming to industrial policies concerning foreign investments shall be submitted to the Registration Authorities.

The Registration Authorities shall notify the departments in charge of commerce at the same level after such registration approvals are granted.

Article 6 In the event of any changes pertaining to registered information of partnership enterprises established by foreign entities or individuals within China (hereinafter "**Foreign Invested Partnership**"), such changes in registration shall be filed with the Registration Authorities according to law.

Article 7 In the event of dissolutions of Foreign Invested Partnership, such liquidation shall be conducted according to the Partnership Enterprises Law. The liquidator shall file an application for cancellation with the Registration Authorities within fifteen (15) days after the completion of liquidation.

Article 8 In the event of the withdrawal of all foreign partners of a Foreign Invested Partnership, a change in the registration application shall be filed with the Registration Authorities should this partnership enterprise continue to operate.

Article 9 In the event of change or cancellation of registration, the Registration Authorities shall inform the departments in charge of commerce at the same level of such information.

Article 10 Matters which are not provided for herein but which are relevant to the registration and management of Foreign Invested Partnerships shall be handled in accordance with the Measures on Registering Partnership Enterprises and relevant regulations of the State.

Article 11 Matters pertaining to finance and accounting, tax, foreign exchange, customs and immigration that involve Foreign Invested Partnerships shall be handled in accordance with relevant provisions of laws, administrative regulations and rules.

Article 12 Foreign entities or individuals investing in domestic partnership enterprises established by Chinese domestic individuals, legal persons or other organizations shall comply with the relevant provisions of this Measure and file a change in registration application with the Registration Authorities in accordance with relevant laws.

Article 13 Foreign invested partnerships in projects that require government approvals shall obtain such approval in accordance with relevant State provisions on approvals on such projects.

Article 14 When the State has special rules governing those partnership enterprises with investment as their main undertaking, such special rules shall prevail.

Article 15 The establishment of partnership enterprises in mainland China by enterprises or individuals from Hong Kong and Macao Special Administrative Regions and Taiwan region shall be handled in accordance with this Measure.

Article 16 This Measure shall take effect on March 1, 2010.

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