

Foreign investment information reporting system

The Foreign Investment Law of the People's Republic of China stipulates that, the foreign investment information reporting system is established by the State. Starting from January 1, 2020, commerce agencies completely abolished the filing system for the establishment and change of foreign-invested enterprises. Instead, foreign investors or foreign-invested enterprises are required to submit investment information to commerce authorities through the Enterprise Registration System and the Enterprise Credit Information Publicity System.

1. What is the foreign investment information reporting system?

The Ministry of Commerce of the People's Republic of China (MOFCOM) and the State Administration for Market Regulation (SAMR) jointly issued the Measures for Reporting Foreign Investment Information (the "Measures") on December 30, 2019. The Measures came into effect on January 1, 2020, and the *Interim Administrative Measures for the Record-filing of the Incorporation and Change of Foreign-invested Enterprises* was annulled simultaneously.

The foreign investment information reporting system is an administration system set up under the new foreign investment legal framework aimed at providing information support for formulating and optimizing foreign investment policies and measures, improving targeted services, and engaging in investment promotion and protection.

2. What type of foreign investors or foreign-invested enterprises shall comply with the requirements of the foreign investment information reporting system?

- (1) Foreign investors who directly establish companies and partnerships in China (including in the fields of banking, securities, insurance, etc.);
- (2) Foreign (regional) enterprises engage in production and operational activities in China;
- (3) Foreign (regional) enterprises that establish permanent representative offices engaged in production and operational activities in China, etc.;
- (4) Foreign-invested enterprises that invest (including multi-layered investment) and establish enterprises in China.

3. How shall foreign investors or foreign-invested enterprises submit investment information? What shall be included in the investment information?

Foreign investors setting up foreign-invested enterprises, or engaging in equity mergers and acquisitions of domestic non-foreign-invested enterprises within the territory of the PRC shall submit the initial report through the Enterprise Registration System. The initial report shall include basic information of the enterprise, the investor, its actual controller and investment transaction.

If the information in the initial report of a foreign-invested enterprise is changed, a report on the changes in the basic information of the enterprise, the investor and its actual controller shall be submitted through the Enterprise Registration System.

Foreign-invested enterprises shall submit an annual report for the preceding year through the National Enterprise Credit Information Publicity System between 1 January and 30 June of each year. The content of the report includes basic corporate information, information about investors and their actual controllers, corporate operating information, assets and liabilities, etc.

Relevant information about the deregistration or conversion of FIEs to domestic-funded enterprises is forwarded by the Market Supervision Administrations (MSAs) to the competent commerce authorities.

Foreign-invested enterprises investing (including multi-layered investment) and establishing enterprises in China are not required to submit a separate report. All relevant information is shared by the MSAs to the competent commerce authorities.

In addition, with regard to foreign investment in other forms besides enterprises, foreign investors shall submit investment information in accordance with the provisions of the Measures on foreign-invested enterprises.

4. What are the suggestions for enterprises registered in the planning area of Chaoyang Cluster of the International Business Service Area of Beijing Pilot Free Trade Zone when they file the information report?

When filing the information report, enterprises registered in the planning area of Chaoyang Cluster of the International Business Service Area of Beijing Pilot Free Trade Zone, shall check "Chaoyang Cluster in the Pilot Free Trade Zone" in the column of special economic zones, which will automatically include them in the foreign-funded enterprise pool in the Pilot Free Trade Zone.