

The establishment of advertising enterprise with foreign investment

According to “The Provisions on The Administration of Foreign-funded Advertising Enterprises”, foreign investors may establish advertising enterprise by the form of Chinese-foreign equity joint venture or Chinese-foreign contractual joint venture, but the foreign investment should not exceed 70%. Wholly foreign-owned enterprises are permitted since Dec.10, 2005. Hong Kong and Macao service providers are permitted to establish wholly owned advertising enterprises since Jan.1, 2004.

Procedures for establishment of advertising enterprises with foreign investment:

The investors shall be the corporation major in running advertising business, Hong Kong and Macao service providers shall be the corporation engaging in advertising business.

The advertising enterprises to be established shall first pre-register the company name to Shanghai Administration of Industry & Commerce, and then obtain the “notification of name pre-approval”;

Chinese investors shall submit the project suggestion and feasible report to Shanghai Administration of Industry & Commerce for the preliminary examination and approval, and then they are checked by the national industry and commerce administrative bureau. For establishing advertising enterprise with foreign investment, foreign investors shall directly submit the project suggestion and feasible report to State Administration of Industry and Commerce. After checked by the government, Chinese investors should submit the following documents to industry and commerce administration with the “opinions of examination of advertising enterprise with foreign investment”:

1. Application form for the establishment of advertising enterprise with foreign investment or wholly foreign owned enterprise;
2. Project proposal and feasibility study report made by all the joint ventures partners of the advertising enterprise to be established;
3. Certification of registration (copy) of both Chinese and foreign investors, bank certificates of credibility, and certificates of legal representatives (copy);
4. The regulations of the management of advertisement;
5. Other related documents and materials

The following documents should be submitted to Shanghai Foreign Investment Commission

1. The application form for setup advertising enterprise with foreign investment (JV or WFOE);
2. Examination and Approval for foreign companies investing and/or managing advertising;
3. Project proposal and feasibility report;
4. The contract and articles of association of the advertising enterprise to be established signed by legal representative of the investors;
5. Certification of registration (copy) of both Chinese and foreign investors, bank certificates of credibility, and identification certificates of legal representatives(copy);
6. The list of the board members of the advertising enterprise to be established and the letters of

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- appointment of the board members by all the joint ventures;
7. Name pre-registration approval of the enterprise to be established;
 8. Other related documents and materials

The original documents should be submitted unless there is a note showing the requirement for copies. If the documents are not signed by legal representatives, authorization letter of appointed person should be submitted.

The congruous enterprises should be offered the certificate of approval by SMERT. Last step, Chinese partners holding the “opinions of examination of advertising enterprise with foreign investment” issued by State Administration of Industry & Commerce, “certificate of approval for foreign-funded enterprises” issued by SMERT and other related documents, start the application process for the business license to Shanghai Administration of Industry & Commerce.



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